

FINAL DRAFT

ANNUAL BUDGET OF

Bitou Municipality



2015/16 TO 2017/18

MEDIUM TERM REVENUE AND

EXPENDITURE FORECASTS

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Part 1 – Annual Budget

1.1 Mayor's Report

2015/2016 MUNICIPAL BUDGET SPEECH BY THE EXECUTIVE MAYOR OF BITOU LOCAL MUNICIPALITY, COUNCILLOR M BOOYSEN: SEWELL STREET, MUNICIPAL BUILDING, COUNCIL CHAMBERS - 27 MAY 2015

The Honourable Speaker of council, Cllr AR, Olivier

Honourable Members of the Mayoral Committee

Honourable Leaders of the Opposition Parties

Honourable Members of Council

Members of Ward Committees present

Municipal Manager

Senior Management of the municipality

Members of the media present

Ladies and Gentlemen

Molweni, Good morning, Goeie More

I am honoured and humbled as I rise today to present the 2015/16 Final Budget of Bitou Municipality. This budget is presented under challenging times with regard to the economic outlook of the Republic of South Africa, the Province and indeed that of Bitou Municipality. The budget tabled here today is constrained by the Government's (all three spheres) need to consolidate public finances, in the context of slower growth and rising debt. Life is tough for the community of Bitou and the world community. Life is equally tough for South African business, informal and formal. These challenging times call upon us to intensify our efforts to address economic constraints, improve our growth by creating an environment conducive for investment and economic growth and to create employment opportunities. Honourable Speaker, the 2015/16 budget focuses on balancing the financial affairs of the municipality while managing risk and maintaining fiscal stability in a weak economic environment simultaneously not diverting, but giving effect to the November 2013 strategic objectives, the Integrated Development Plan and most importantly the National Development Plan. In essence this budget seeks a balance between;

- Our growth path that is limited by the resources constraints of the current economic outlook and, on the other hand,

- Lifting these constraints by strengthening good governance, limiting growth in general expenditure and investing in infrastructure and our local people.

This budget is an instrument to create hope in these challenging times, as we are indeed living in challenging times. The 2015/16 Final Budget creates hope, for our community and business alike as we will be creating better investment and living conditions whilst at the same time creating employment opportunities.

PREPARATION FOR 2015/2016 – 2017/2018 ANNUAL BUDGET AND MEDIUM-TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF)

Honourable Speaker, in preparing the 2015/2016 to 2017/2018 annual budget and medium-term revenue and expenditure framework (MTREF) and having stabilized the financial situation in the very short space and trying to achieve financial stability over medium and long-term, we had three main objectives in our minds to be achieved over the medium-term namely;

- (a) To ensure that we invest in new, and renew current infrastructure such as; water, roads and storm water systems as well as electricity and sanitation networks.
- (b) Continue to stabilize the financial situation in the short-term and achieve financial sustainability over the medium and long-term; and
- (c) To ensure that we create an enabling environment for investment and other activities that could lead to sustainable job creation, economic growth and development by diversifying the economy through the catalytic projects identified in the strategic session held in November 2013.

THE MAIN FUNDAMENTAL BASES FOR THE COMPILATION OF THE 2015/2016 – 2017/2018 ANNUAL BUDGET AND MEDIUM-TERM REVENUE AND EXPENDITURE FRAMEWORK

1. THE MAIN NATIONAL, PROVINCIAL AND LOCAL PRIORITIES OVER THE MEDIUM-TERM – SUSTAINING THE ECONOMY, INFRASTRUCTURE DEVELOPMENT AND CREATING DECENT EMPLOYMENT OPPORTUNITIES

The national, Provincial and Local government's main priorities for the medium-term is basic services and social infrastructure development and job creation, and therefore the focus and priorities of Bitou Municipality are geared towards the achievement of these priorities.

As we were preparing our next five year integrated development plan and taking into consideration the national development plan, we need to ensure that our plans and budgets are redirected towards the achievement of these priorities.

In preparing the 2015/16 budget and MTREF, we continue to explore opportunities to mainstream labour intensive approaches to the delivering of services, and more particularly to improve our participation in the Extended Public Works Program (EPWP).

The municipality is striving and continues to play its critical role in creating an enabling environment for investment, growth and development.

2. TAKING LOCAL GOVERNMENT BACK TO THE BASICS

Local government is a primary point of delivery and is where most citizens interface with government. Governments vision of a developmental local government system was that it would be the building block on which the reconstruction and development of the country and society was built, a place in which the citizens of the country could engage in a meaningful and direct way with the institutions of the state.

2.1 What does Back to Basics for Local Government mean?

Back to Basics means: Setting clear benchmarks of performance in an effort to ensure that we perform our basic responsibilities, every day, without fail. The aim is to ensure that we perform these basic functions without compromise.

2.2 What are the Building blocks of Back-to-Basics Approach?

2.2.1 Good Governance

Good governance is at the heart of the effective functioning of municipalities. We must constantly monitor and evaluate our ability to carry out the following basics:

- The holding of Council meetings as legislated.
- The functionality of oversight structures, section 79 committees, audit committees and District Inter-governmental relations forums
- Whether or not there has been progress following interventions over the last 3 – 5 years:
 - Assess the existence and efficiency of Anti-Corruption measures.
 - The extent to which there is compliance with legislation and the enforcement of by laws
 - The rate of service delivery protests and approaches to address them

2.3 Public Participation

We must continue to improve our engagements with communities, bearing in mind compliance with the provisions of the Municipal Systems Act on community participation. We must develop affordable and efficient communication systems to communicate regularly with our communities and disseminate urgent information. Our basic measures to monitor this include:

Assessing the existence of the required number of functional Ward committees through;

- The percentage of ward committee's grants spent.
- The number of council effective public participation programmes conducted.
- The regularity of community satisfaction surveys carried out.

2.4 Financial Management

Sound financial management is integral to the success of local government. National Treasury has legislated standards and reporting requirements, and based on monitoring of the indicators, identifying the key areas emerging from the profiles and partnering with National Treasury and Provincial Treasury to support the remedial process. Performances against the following basic indicators are constantly assessed:

- The number disclaimers in the last three to five years.
- Whether the budgets are cash backed.
- The percentage revenue collected.
- The extent to which debt is serviced.
- The efficiency and functionality of supply chain management.

2.5 Infrastructure Services

The planning, implementation and maintenance of basic infrastructure is critical for sustaining basic standards of living and economic activity in our towns. We have developed service standards for each service, and have established systems for monitoring adherence to these standards. We are required to report on ward-level service delivery plans. We are expected to perform the following basic activities, and the performance indicators will measure our ability to do so:

- Develop fundable consolidated infrastructure plans.
- Ensure infrastructure development, maintenance and reduce losses in respect of water and electricity, Human Settlements, Sanitation, Electricity, Waste Management, Roads and Public Transportation.
- Ensure the provision of Free Basic Services and the maintenance of the Indigent register.

2.6 Institutional Capacity

We have already started with building strong municipal administrative systems and processes. This includes, ensuring that administrative positions are filled with competent and committed people whose performance is closely monitored. Targeted and measurable training and capacity building will be provided for Councillors and municipal officials so that they are able to deal with the challenges of local governance as well as ensuring that scarce skills are addressed through bursary and training programmes. The basic requirements to be monitored include:

- Ensuring that the top six posts (Municipal Manager, Finance, Infrastructure, Corporate Services, Community development and Development Planning) vacancies are filled by competent and qualified persons.
- That our organogram is realistic, underpinned by a service delivery model and affordable;
- That there are implementable human resources development and management programmes; and

- There are sustained platforms to engage organised labour to minimise disputes and disruption of services.

As Minister Gordhan said: "Back to Basics will ensure that in every municipality, traffic lights work, potholes are filled, water is delivered, refuse is collected, electricity is supplied, and refuse and waste management takes place,"

Honourable Speaker, I can attest that the call by the Minister is what the Council of Bitou Municipality has already embarked on. We are and still continue to steer the ship in the right direction.

3. HEADLINE INFLATION FORECASTS AND OUTLOOK FOR DOMESTIC ECONOMIC GROWTH

We have adopted a conservative approach when projecting our revenue and cash flow for the medium-term due to the unfavourable and unstable global and national economic situation while taking into consideration the pressure on infrastructure. Unemployment remains high, resulting in municipal revenue and cash flows to become under pressure over the medium-term.

3.1 Headline inflation forecast over the medium-term

Bitou Municipality have taken the following macro-economic forecasts into consideration when preparing the 2015/16 budget and MTREF –

Fiscal Year	2013/2014 Actuals	2014/2015 Estimates	2015/16 Forecast	2016/17 Forecast	2017/18 Forecast
Real GDP Growth	2.2	1.4	2.0	2.6	3.0
CPI Inflation	5.8	5.6	4.8	5.9	5.6

Source: National Treasury

Note that the fiscal year referred to is the national fiscal year (April to March) which is more closely aligned to the municipal fiscal year (July to June) than the calendar year inflation.

3.2 Economic outlook

The following economic indicators are important to note and have been taken into account in our own financial strategies, preparation of the MTREF for 2015/16 and the two outer years.

- A weak global economic recovery is projected over the next several years, with a growth forecast to rise from 3.3 per cent in 2014 to 3.5 per cent in 2015 and 3.7 per cent in 2016.
- South African Projected GDP growth of 2 per cent in 2015, rising to 3 per cent by 2017.
- Average growth over the forecast period is 0.4 percentage points lower than at the time of the 2014 Medium Term Budget Policy Statement.
- Economic growth in the Western Cape slowed to 2.4 per cent in 2013, from 2.7 per cent in 2012. Nonetheless growth in the Western Cape marginally outperformed that of the rest of South Africa, which expanded by 2.2 per cent in 2013.
- Looking ahead, it is unlikely that the structure of the Western Cape economy will change dramatically.

- The economy of the Western Cape is forecast to grow with 2.1 per cent in 2015. The Western Cape economy is predicted to increase by an average rate of 2.7 per cent between 2014 and 2019.
- Census 2011 has shown that the population of the Western Cape has grown with 29% from 2001; Bitou recorded the 4th highest growth in population in the country placing a huge strain on infrastructure and housing needs.

3.3 What are the implications for Bitou Municipality?

The reduction in oil prices could result in a bigger boost to economic growth than currently expected. However if this is short lived as seen with the recent hike in fuel prices, economic growth could be more subdued and inflation will be higher.

Deeper electricity supply shortages, uncertainty regarding the outcome of the Municipal wage negotiations could depress economic growth below what is currently expected.

Conversely, Bitou Municipality is expected to benefit from the depreciation of the Rand. The current value of the currency provides opportunities to increase the competitiveness of domestic export markets and strengthen the tourism sector by attracting additional tourists in the Bitou Municipal area

3.4 Bitou Municipal financial outlooks

The financial position has improved and the following needs to be highlighted:

- The cash position has improved from a positive R42, 0 Million as at 30 June 2013 to R 49, 0 Million as at 30 June 2014, increasing to just over R 132, 0 Million as at 30 April 2015, it thus remains positive.
- Trade and other payables have increased from R 44, 0 Million as at 30 June 2014 to R 45, 0 Million at the end of April 2015.
- The Debtors collection rate is averaging at 96% for the year to date.
- The cash flow remains under pressure and it is anticipated that the status quo will remain until the economy has recovered adequately.

4. FOCUS OF THE 2015/2016 FINAL BUDGET

4.1 Growth and the National Development Plan

Both national and provincial governments view infrastructure as an important means of promoting sustainable growth and reducing poverty, and their allocations reflect this purpose. Economic infrastructure which is a focus for Bitou municipality must include the following;

- Electricity transmission
- Waste water Pump stations and piped network
- Road building and maintenance

- Water supply

We have realised that; in the long run poor infrastructure in Bitou municipality will not support the thriving economy hence provision of economic infrastructure is the only necessary condition for economic growth in the Bitou municipal area.

The NDP has been implemented to create a framework to accelerate economic growth, eliminate poverty and reduce inequality. The budget policy framework for the next three years reflects greater alignment with the plan, as spending programmes begin to address economic constraints and the need for greater local government efficiency. We have therefore revised our spending plans and reprioritised funds to ensure key objectives are achieved and revenue generating and well-performing programmes are supported. Expenditure plans reflect both the medium-term investment plans and long-term goals identified in the NDP. In this MTREF we have ensured that we eradicate non-priority spending and reprioritise expenditure to focus on core infrastructure and service delivery issues. I can therefore say that we have been doing and continue to fulfill our responsibilities in line with back to the basics approach.

4.2 Capital Budget

The capital budget flows from the IDP process and contains information obtained from relevant stakeholders through extensive public participation processes as well as ward committee processes where applicable.

The total funded infrastructure capital projects for the 2015/2016 financial year and outer two years is reflected below;

Description	2011/2012	2012/2013	2013/2014	Budget 2014/2015	Budget Year 2015/2016	Budget Year +1 2016/2017	Budget Year +2 2017/2018
Infrastructure - Road transport	7 724 151	15 962 745	6 248 281	4 875 729	13 634 831	11 502 492	13 358 517
Infrastructure - Electricity	1 509 156	2 955 409	2 238 502	15 064 827	20 202 485	25 086 480	11 235 965
Infrastructure - Water	5 391 671	7 633 858	6 723 730	8 008 188	11 615 112	14 976 080	18 540 500
Infrastructure - Sanitation	196 521	5 958 506	18 820 824	8 118 922	8 261 388	9 012 787	11 992 239
Infrastructure - Other	190 291	6 699 743	19 466 724	16 247 665	9 690 552	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	15 011 790	39 210 261	53 498 062	52 315 331	63 404 368	60 577 839	55 127 221

The increase in infrastructure investment is a reflection of the strategic focus of Council in the short, medium to long term. The capital budget is funded by means of different sources of funds with grant funding being the main source of funding capital expenditure as reflected below.

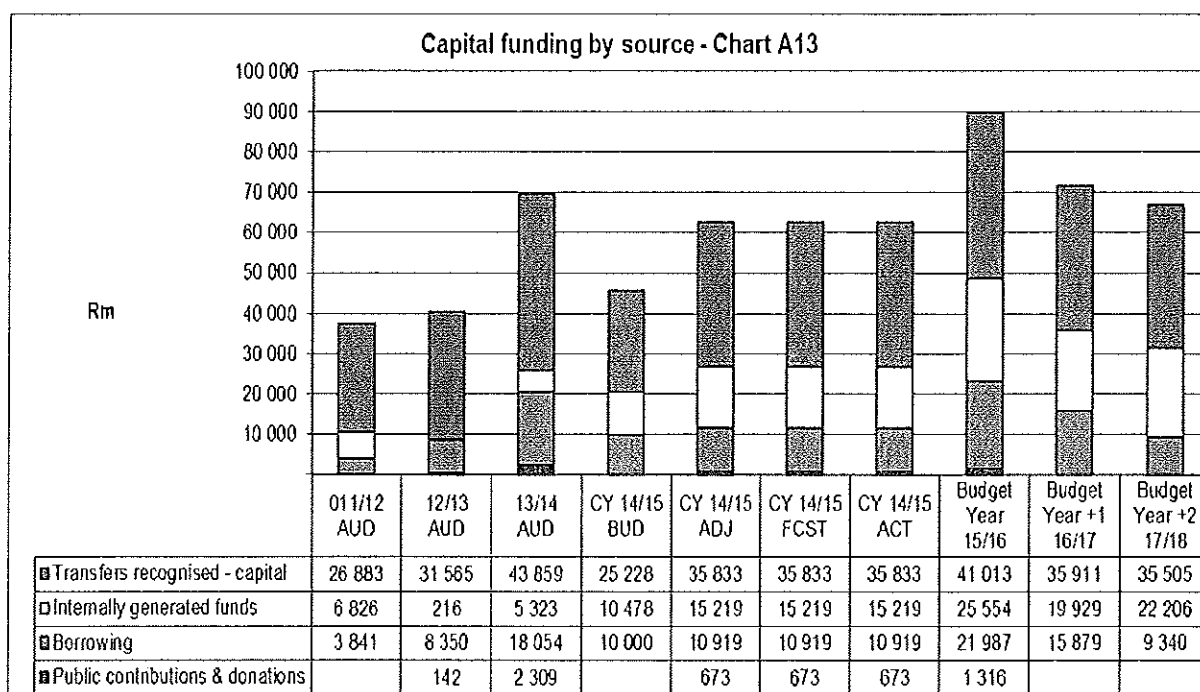


Figure 1: Capital funding by source for the 2015/16 financial year

4.3 Operating Budget

The operating budget for the 2015/2016 financial year amounts to R 534,1 Million which represents an increase of R 29, 9 Million or 5.9% over the latest adjusted budget for 2014/2015.

The cost drivers of the increase in the budget can be summarized as follows:

- A 6% increase in the wage bill in anticipation of the conclusion of the wage negotiations with organized labour.
- 14.24% increase in the purchase of electricity from Eskom.
- Ever increasing cost of transporting waste to Mossel Bay.
- Department of Waters affairs standards for operating water purification and waste water treatment plants.
- Inflationary pressure and the general increase in the price of goods and services.
- Expected fuel prices increases and other increases in the cost of production.
- Operational requirements to ensure service delivery standards are complied with, this is specifically in regard to electricity, roads and water and waste water.

Housing allocation for the construction of houses has significantly decreased from R 63, 0 Million in the 2014/2015 financial year to R 45, 0 Million in the 2015/2016 financial year but will still allow the municipality to expedite the delivery of houses.

Revenue sources remains under strain and in an attempt to balance service delivery with affordability, proposed tariff increases have been limited as follows:

- Electricity - 12.20%
- Water - 6.4%
- Sewerage - 6.8%
- Assessment rates - 6%
- Refuse removal - 7.5%

Indigent subsidies

Provision is made in the operating budget for the subsidizing of indigent households in the amount of R 757.50 per month; this includes a free 6kl of water, 50 units of electricity, a 100% subsidy for refuse removal and sewerage charges as well as exemption from paying water and electricity basic charges. The subsidy allowed, exceeds the National norm and stretches the affordability threshold of the municipality. The total amount in respect of free services, inclusive of free services given in Eskom distribution areas, and assessment rates rebates exceed R 34,4 Million in the 2015/2016 financial year. However, we want to stress that this indigent grant will be withdrawn from any person who:

- Allow illegal electricity connections to the premises receiving an indigent grant;
- Sublets the premises receiving indigent grant which means that the applicant is not personally occupying the premises and benefitting from the subsidy;

Subsidies to sub-economical category of households

The long term financial plan has shown us that the past and current rate of subsidization of services to non-indigent households are unsustainable in the medium and long term and that we subsequently need to take unpopular decisions to ensure the financial viability and sustainability of the municipality in the medium and long term. We therefore have no choice but to reduce the subsidies in respect of the sub-economical category of consumers in respect of sanitation and refuse removal in the 2015/2016 financial year. The category of consumers will still receive a 50% rebate on sewer fees and a 40% rebate on refuse removal charges.

In conclusion

This budget tabled here today is a step closer in attaining the strategic goals envisaged in the NDP as well as strategic plan of Bitou municipality which includes amongst others, institutional development and transformation, service delivery to all our communities, financial viability and sustainability, excellence in administration, transparency and public participation. Honourable Speaker I am convinced that this Budget is an instrument to create hope in these challenging times and will contribute to our goal "To be the best together".

I want to thank our administrative team led by the Accounting officer, the ward committees, rate payers and most importantly business sector. As I conclude, Honourable Speaker I would want to make a special thanks to the CFO and his dedicated professional team. To this end Honourable Speaker and the esteemed members I hereby table the annual budget and medium-term revenue and expenditure framework for your consideration and approval for implementation.

I thank you

COUNCILLOR MEMORY BOOYSEN

EXECUTIVE MAYOR**1.2 Council Resolutions**

1. The Council of Bitou Local Municipality, acting in terms of section 25 of the Municipal Systems Act, Act 32 of 2000 approves and adopts for implementation:
 - 1.1.1. The revised Integrated Development Plan as set out in Annexure J.
2. The Council of Bitou Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts for implementation:
 - 2.1. The final annual budget of the municipality for the financial year 2015/16 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 2.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 12 on page 21 (MBRR Table A2);
 - 2.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 13 on page 22 (MBRR Table A3);
 - 2.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 14 on page 25 (MBRR Table A4); and
 - 2.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 15 on page 25 (MBRR Table A5).
 - 2.1.5. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and the final basic service delivery targets are approved as set out in the following tables:
 - 2.1.6. Budgeted Financial Position as contained in Table 16 on page 26 (MBRR Table A6);
 - 2.1.7. Budgeted Cash Flows as contained in Table 17 on page 30 (MBRR Table A7);
 - 2.1.8. Cash backed reserves and accumulated surplus reconciliation as contained in Table 18 on page 32 (MBRR Table A8);
 - 2.1.9. Asset management as contained in Table 19 on page 34 (MBRR Table A9); and
 - 2.1.10. Basic service delivery measurement as contained in Table 20 on page 35 (MBRR Table A10).
3. The Council of Bitou Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts for implementation with effect from 01 July 2015; the tariffs for property rates, the tariffs for electricity, the tariffs for the supply of water, the tariffs for sanitation services, the tariffs for solid waste services as set out in Annexure A;
4. The Council of Bitou Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts for implementation with effect from 01 July 2015 the tariffs and fees for other services, as also set out in Annexure A.
5. The Council of Bitou Local Municipality, acting in terms of budget regulation and circular 75 approves and adopts for implementation with effect from 01 July 2015 the service level standards as set out in Annexure G.

6. The Council of Bitou Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts for implementation with effect from 01 July 2015 the budget related policies as set out in Annexure D, with the exception of travel allowance policy to be effective 01 June 2015.
7. To give proper effect to the municipality's final annual budget, the Council of Bitou Local Municipality approves:
 - 7.1. That cash backing be implemented through the utilisation of a portion of the realisable accumulated surplus as at the end of the financial year to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.
 - 7.2. That the municipality be permitted to enter into long-term loans for the funding of the capital programmes in respect of the 2015/16 financial year limited to an amount of R20,0 Million for the financial year 2015/16 in terms of Section 46 of the Municipal Finance Management Act.
 - 7.3. That the Municipal Manager be authorised to sign all necessary agreements and documents to give effect to the above lending programme.

1.3 Executive Summary

The application of sound financial management principles for the compilation of Bitou Municipality's financial plan is essential and critical to ensure that Bitou Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

Bitou Municipality's business and service delivery priorities were reviewed as part of this year's planning and budgeting process. Where appropriate, funds were transferred to address crucial service delivery needs and to ensure compliance with legislative requirements and to meet service delivery obligations. The current year adjustment budget is reflective of this principle and supports the municipality's quest for financial sustainability.

Bitou Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers and to ensure that all revenue due is billed and collected. Furthermore, Bitou Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring true community participation.

National Treasury's MFMA Circular No. 75 was used to guide the compilation of the 2015/16 MTREF.

The main challenges experienced during the compilation of the 2015/16 MTREF can be summarized as follows:

- The slow recovery from the economic downturn that is still hampering growth and development not only locally but provincially and nationally.
- Limited available own funding to fund much needed infrastructure.
- Above average population growth placing a strain on infrastructure and housing needs.

- Ageing and poorly maintained water, roads and electricity infrastructure;
- The increased cost of bulk electricity as a result of continued annual increases which is placing upward pressure on service tariffs to residents.
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Availability of affordable capital/borrowing.

The following budget principles and guidelines directly informed the compilation of the 2015/16 MTREF:

- The 2014/15 May Adjustments Budget priorities and targets, as well as the base line allocations contained in this Adjustments Budget were adopted as the upper limits for the new baselines for the 2015/16 annual budget; where appropriate a zero base approached has been used.
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity and the continued escalation in the fuel price. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2015/16 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2015/16 MTREF

Description	Adjusted Budget R'000	Budget Year 2015/16 R'000	Budget Year 2016/17 R'000	Budget Year 2017/18 R'000
Total Operating revenue	501,266	532,748	565,972	613,056
Total Operating Expenditure	504,200	534,192	569,955	615,493
<i>Surplus/(Deficit) for the year</i>	36,776	44,097	36,386	38,039
Total Capital Expenditure	62,645	89,870	71,719	67,051

Total operating revenue has grown by 6.2% or R 31, 4 million for the 2015/16 financial year when compared to the 2014/15 latest Adjustments Budget. For the two outer years, operational revenue will increase by 6.2% and 8.3% respectively, equating to a total revenue growth of R111,7 million over the MTREF when compared to the latest adjustments budget of 2014/15 financial year.

Total operating expenditure for the 2015/16 financial year has been appropriated at R 534, 1 million and translates into a budgeted surplus of R 44, 0 million after taking into consideration capital funding from own revenue and loan funding. When compared to the latest adjustments budget of 2014/15, operational expenditure has grown by 5.9% in the 2015/16 budget and increase by 6.6% for 2016/2017 and increases by 7.9% for 2017/2018 being the outer years of the MTREF. The operating surplus for the two outer year's decreases by R 7, 7 million for 2016/2017 and increase by R 1, 6 Million for 2017/2018 after capital funding is accounted for. These surpluses will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R 89, 80 million for 2015/16 is 43.4% more when compared to the 2014/15 latest adjustments Budget. This is mainly due to unspent loan and own funding increasing. The capital program decreases to R 71, 7 million in the 2016/17 financial year and R 67, 0 million in the 2017/18 financial year. The major portion of the capital budget will be funded from Government grants and subsidies as the municipality's cash position is still under pressure thereby limiting its own funds to capital financing. A portion of the capital budget will be funded from borrowing over MTREF with anticipated borrowings not exceeding R 20, 0 Million per year over the MTREF. It needs to be noted that Bitou Municipality has not yet reached its prudential borrowing limits and so there is still room for increasing borrowing over the medium-term. It is however very important to ensure that the municipality sufficiently improves financially prior to the taking up of additional capital loan funding excessively more than the total current annual redemption. The repayment of capital and interest (debt services costs) will substantially increase over the MTREF and will therefore have an effect on the improved financial position of the municipality.

1.4 Operating Revenue Framework

For Bitou Municipality to continue improving the quality of life of its citizenry through the delivery of high quality services, it is necessary to generate sufficient revenue from rates and service charges. It is also important to ensure that all billable revenue is firstly correctly charged and secondly, adequately collected. The prevailing economic circumstances are adding to the difficulties in collecting the revenue due to the municipality and additional savings initiatives will need to be implemented in the MTREF to ensure the financial sustainability of the municipality.

The expenditure required to address the needs of the community will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditure against realistically anticipated revenue.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Revenue enhancement and maximizing the revenue base;
- Efficient revenue management, which aims to ensure a minimum 95% annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Moving towards cost reflective tariff increases for water, sanitation and refuse collection;
- Budgeting for a moderate surplus to ensure availability of cash reserves to back statutory funds and current provisions.
- Fully subsidizing all indigent households in terms of the relief offered by the municipality

The following table is a summary of the 2015/16 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1										
Revenue By Source											
Property rates	2	66 730	84 155	95 015	110 314	102 409	102 409	102 409	108 554	114 741	121 626
Property rates - penalties & collection charges		-	-	-	3 485	285	285	285	302	319	338
Service charges - electricity revenue	2	90 451	94 001	100 064	109 308	108 791	108 791	108 791	122 058	136 949	153 657
Service charges - water revenue	2	29 979	35 411	35 555	40 022	49 620	49 620	49 620	52 597	55 950	59 307
Service charges - sanitation revenue	2	28 085	32 222	32 685	41 816	56 643	56 643	56 643	60 489	64 603	68 966
Service charges - refuse revenue	2	16 184	18 165	19 162	29 079	33 920	33 920	33 920	35 947	38 551	41 346
Rental of facilities and equipment		763	1 207	1 347	1 322	1 321	1 321	1 321	1 396	1 468	1 548
Interest earned - external investments		1 614	2 844	3 365	2 639	3 911	3 911	3 911	4 087	4 271	4 463
Interest earned - outstanding debtors		3 162	3 538	3 641	-	2 426	2 426	2 426	3 132	3 303	1 734
Fines		5 144	4 864	28 612	5 300	30 591	30 591	30 591	32 426	34 047	35 920
Licences and permits		94	65	54	74	44	44	44	48	50	51
Agency services		761	1 140	1 147	1 439	1 085	1 085	1 085	1 150	1 219	1 293
Transfers recognised - operational		37 107	82 274	84 124	116 966	101 962	101 962	101 962	101 375	102 694	114 539
Other revenue	2	6 647	13 666	19 343	6 186	8 260	8 260	8 260	9 187	7 806	8 268
Gains on disposal of PPE		391	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		287 110	373 752	424 303	487 949	501 266	501 265	501 266	532 748	585 972	613 056

Table 3 Percentage of revenue by main revenue source

Description	Ref	2015/16 Medium Term Revenue & Expenditure Framework							
R thousand	1	Adjusted Budget	%	Budget Year 2015/16	%	Budget Year +1 2016/17	%	Budget Year +2 2017/18	%
Revenue By Source									
Property rates	2	102 409	20.43%	108 554	20.38%	114 741	20.27%	121 626	19.84%
Property rates - penalties & collection charges		285	0.06%	302	0.06%	319	0.06%	338	0.06%
Service charges - electricity revenue	2	108 791	21.70%	122 058	22.91%	136 949	24.20%	153 657	25.06%
Service charges - water revenue	2	49 620	9.90%	52 597	9.87%	55 950	9.89%	59 307	9.67%
Service charges - sanitation revenue	2	56 643	11.30%	60 489	11.35%	64 603	11.41%	68 966	11.25%
Service charges - refuse revenue	2	33 920	6.77%	35 947	6.75%	38 551	6.81%	41 346	6.74%
Service charges - other		–	0.00%	–	0.00%	–	0.00%	–	0.00%
Rental of facilities and equipment		1 321	0.26%	1 396	0.26%	1 468	0.26%	1 548	0.25%
Interest earned - external investments		3 911	0.78%	4 087	0.77%	4 271	0.75%	4 463	0.73%
Interest earned - outstanding debtors		2 426	0.48%	3 132	0.59%	3 303	0.58%	1 734	0.28%
Dividends received		–	0.00%	–	0.00%	–	0.00%	–	0.00%
Fines		30 591	6.10%	32 426	6.09%	34 047	6.02%	35 920	5.86%
Licences and permits		44	0.01%	48	0.01%	50	0.01%	51	0.01%
Agency services		1 085	0.22%	1 150	0.22%	1 219	0.22%	1 293	0.21%
Transfers recognised - operational		101 962	20.34%	101 375	19.03%	102 694	18.14%	114 539	18.68%
Other revenue	2	8 260	1.65%	9 187	1.72%	7 806	1.38%	8 268	1.35%
Gains on disposal of PPE		–	0.00%	–	0.00%	–	0.00%	–	0.00%
Total Revenue (excluding capital transfers and contributions)		501 266	100.00%	532 748	100.00%	565 972	100.00%	613 056	100.00%

Revenue generated from services charges remain the major source of revenue for the municipality amounting to 50.8% of total revenue.

The major sources of revenue for the 2015/2016 financial year can be summarized as follows:

WHERE THE MONEY COMES FROM		
Source	Amount (R Million)	Percentage
Assessment Rates	108.55	20.38%
Electricity revenue	122.06	22.91%
Water revenue	52.60	9.87%
Sewerage Charges	60.49	11.35%
Refuse Charges	35.95	6.75%
Grants and subsidies	101.37	19.03%
Other	51.73	9.71%

Property rates is the second largest revenue source totaling 20.3% or R 108,5 million and increases to R114, 7 million by 2016/17. The third largest source is grants and subsidies totaling R 101, 3 million and mainly comprises of Equitable Share allocated through the Division of Revenue Act and Provincial housing allocation for the construction of Houses. Other operating

grants include the Finance management grant, municipal systems improvement grant as well as EPWP incentive grant.

Other revenue consists of various items such as income received from permits and licenses, building plan fees, connection fees, fines collected and other sundry receipts and totals R 51, 7 Million for the 2015/2016 financial year. User departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Table 4 Operating Transfers and Grant Receipts

WC047 Bitou - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		21 526	26 425	32 804	44 701	44 701	44 701	60 730	67 444	74 158
Local Government Equitable Share		18 978	23 375	29 614	40 946	40 946	40 946	57 298	65 012	71 575
Finance Management		1 250	1 250	1 300	1 450	1 450	1 450	1 450	1 475	1 550
Municipal Systems Improvement		790	800	890	934	934	934	930	957	1 033
EPWP Incentive		502	1 000	1 000	1 371	1 371	1 371	1 052	-	-
Municipal Infrastructure Grant (MIG)		6	-	-	-	-	-	-	-	-
Provincial Government:		19 873	43 699	53 379	72 265	63 818	63 818	40 645	35 250	40 381
Housing		16 327	39 287	46 705	63 324	53 429	53 429	30 419	25 224	29 723
Proclaimed Roads		800	33	1 140	100	100	100	766	-	-
Library Services - Conditional Grant		425	468	-	2 007	2 007	2 007	1 471	1 559	1 653
Library Services - MRF Grant		2 069	3 439	4 884	6 578	6 578	6 578	7 853	8 324	8 824
CDW - Operational Support		52	54	33	35	35	35	36	38	40
Thusong Centre		-	218	218	221	221	221	100	105	141
Provincial Management Support Grant		200	200	400	-	1 449	1 449	-	-	-
Total Operating Transfers and Grants	5	41 399	70 124	86 183	116 966	108 519	108 519	101 375	102 694	114 539

Tariff Setting

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities should justify in their budget documentation all increases in excess of the upper boundary of the South African Reserve Bank's inflation target. Circular 72 state that, if municipalities continue to act in this manner that increase tariff above inflation, the National Treasury will have no other option but to set upper limits of tariff increases for property rates and service charges to which municipalities will have to conform. Excessive increases are likely to be counterproductive to economic growth and development, resulting in higher levels of non-payment.

The 14.2 percent increases in the average Eskom bulk purchase price once again exceeds the upper boundary of the Reserve bank inflation target resulting in an average proposed increase of 12.2% in the municipal electricity tariff.

Other factors contributing to the rising cost include the anticipated collectively agreed upon wage increase which is also likely to be above upper boundary, the excessive increase in the price of operational cost like chemicals, spares and other materials that collectively contribute to the extent that tariffs needs to be increased annually. Although National Treasury has advised an increase of 4.4% in salaries, Bitou Municipality has budgeted for a 6.0% increase in the absence of an agreement and after taking into consideration the first round and recent labour agreements concluded in the different economic sectors.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process. The municipality has recently completed the compilation of Supplementary Valuation roll 2 which did not add significantly to the revenue base and it is anticipated that the trend will remain over the duration of the validity of the current valuation roll.

A moderate, increase of 6% in the assessment rates tariff is none the less proposed for the 2015/2016 financial year.

The following stipulations in the Property Rates Policy are highlighted:

- The first R 15 000 of the market value of a property used for residential purposes is exempted from the rate-able value (Section 17(h) of the MPRA).
- In terms of the property rates policy of the municipality all residential properties (excluding vacant stands) with a value of up to R 350,000 are exempted from paying assessment rates.
- 100% rebate will be granted to registered indigents in terms of the Indigent Policy, based on the maximum limits as contained in the policy.
- Relief measures based on income also provides for rebates varying from 40% where the monthly income of an owner is less than R 3,630 per month to 10% where the monthly income is less than R 6,050 per month.
- The following conditions apply to the granting of the rebates
 - The rate-able property concerned must be occupied only by the applicant and his/her spouse.
 - The applicant must submit proof of his/her age and identity and also proof of the annual income.
 - The property must be categorized as residential.
- The Municipality may also award a 100% rebate on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work and public benefit organizations as defined in the property rates policy of the municipality. The owner of such a property must apply to the Chief Financial Officer in the prescribed format and at the prescribed date in order to qualify for the relief.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2015/16 financial year based on a 6% increase from 1 July 2015 is contained below:

Table 5 Comparison of proposed rates 2015/2016 to levied for 2014/15

Category	Current Tariff (1 July 2014)	Proposed tariff (from 1 July 2015)
	c/R	c/R
Residential properties	0.494	0.523
State owned properties	0.494	0.523
Business & Commercial	0.825	0.875
Agricultural	0.123	0.130
Vacant land	0.641	0.679
Industrial	0.825	0.875
Non-permitted use	1.031	1.093
Public benefit organizations	0.825	0.875

1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Budget Circular 67 makes specific reference to the fact that water tariffs should be cost reflective and that municipalities should ensure that water complies with all applicable quality standards. The water tariff structure must therefore ensure that:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

A tariff increase of 6.4% from 1 July 2015 for water is proposed. This is based on input cost assumptions inclusive of the increase in the cost of bulk water from Department of Water Affairs, standard levels set by the same department and increased wage bill of 6% and the cost of other inputs increasing by between 6% and 7%. In addition 6 kℓ water per month will again be granted free of charge to residents where the value of the property is below R 350, 000.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 6 Proposed Water Tariffs

CATEGORY	CURRENT TARIFFS 2014/15	PROPOSED TARIFFS 2015/16
	Rand per kℓ	Rand per kℓ
RESIDENTIAL		
Basic/Minimum Charge	264.44 p.m.	281.36 p.m.
(i) 0 to 25 kℓ	Incl. in Basic charge	Incl. in Basic charge
(ii) Above 25 to 30 kℓ	6.21	6.61
(iii) Above 30 to 40 kℓ	8.69	9.25
(iv) Above 40 to 50 kℓ	10.55	11.23
(v) Above 50 to 60 kℓ	13.66	14.53
(vi) Above 60 to 70 kℓ	17.39	18.50
(vii) Above 70 kℓ	34.15	36.34
NON-RESIDENTIAL		

CATEGORY	CURRENT TARIFFS 2014/15	PROPOSED TARIFFS 2015/16
	Rand per kℓ	Rand per kℓ
(i) 0 – 60 kℓ	8.57	9.12
(ii) Above 60 to 100 kℓ	19.41	20.65
(iii) Above 100 to 200 kℓ	22.19	23.61
(iv) Above 200 kℓ Excl. Laundromats	24.93	26.53
(v) Above 200 kℓ Laundromats	22.19	23.61

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

Table 7 Comparison between current water charges and increases (Domestic)

Monthly consumption kℓ	Current amount payable R	Proposed amount payable R	Difference (Increase) R	Percentage change
25	264.44	281.36	16.92	6.4%
30	295.47	314.38	18.91	6.4%
40	382.41	406.88	24.47	6.4%
50	487.94	519.17	31.23	6.4%
60	624.54	664.51	39.97	6.4%
70	798.42	849.52	51.10	6.4%
100	1822.80	1939.46	116.66	6.4%

The tariff structure from the 2014/15 financial year has not been changed.

1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 14.2% increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2015.

Considering the Eskom increases, the consumer tariff had to be increased by 12.2% to offset the additional bulk purchase cost as well as recover the additional cost components such as the increase in the wage bill, general expenditure and increased maintenance and material cost for the 2015/2016 financial year. The continued above average increase in electricity prices has resulted in a downward trend in the average consumption patterns of consumers in an attempt to mitigate the effect of the increased cost of electricity resulting in a negative impact on the municipal electricity revenue. The Minister of Finance in his budget speech announced a 2 cent charge per kWh on electricity, which has not been included in the tariffs nor in the purchase costs for purposes of finalizing the proposed budget. There is still no clarity in this regard and the impact on this budget is currently not factored into proposed tariffs. The municipality simply cannot absorb this additional tax and it will be given through to consumers once certainty is obtained.

Registered indigents as well as sub-economic consumers will again be granted 50 kWh per month free of charge.

The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for domestic customers:

Table 8 Comparison current vs. new electricity charges (Domestic up to 60A connection)

Monthly Consumption kWh	Current amount payable R	Proposed amount Payable R	Difference (Increase) R	Percentage change
100	79.44	89.52	10.08	12.69
250	212.42	239.38	26.96	12.69
500	560.12	631.20	71.08	12.69
750	894.01	1007.46	113.45	12.69
1 000	1250.92	1409.66	158.74	12.69
2 000	2678.57	3018.48	339.91	12.69

1.4.4 Sanitation and Impact of Tariff Increases

A tariff increase of 6.8% for sanitation from 1 July 2015 is proposed. The increase in tariffs can also be ascribed to rising wage cost, the increase in electricity used in purification and pumping processes, the service standards set by Department of Water and Sanitation and the general increase in the price of goods and services. It must also be emphasized that the municipality must ensure that purification processes complies with quality standards and that green drop status is maintained. Additional budgetary allocation was made for the full time employment of process controllers and other waste water purification staff members critical in maintaining high quality purification processes and results.

Table 9 Comparison between current sanitation charges and increases

	TARIFF PER Annum R	TARIFF PER Annum R
Single Residential	3,904.00	4,169.47
Shops, B&B's Offices, Hotels	6,002.00	6,410.14
Single residential used for business purposes, restaurants	7,803.00	8,333.61
Group housing and resort zones	3,904.00	4,169.47
Residential property valuation below R350,000 (70% / 50% rebate on single residential tariff)	1,171.20	2,084.74
Septic tank removals	360.00	384.48
Sanitation fee no waterborne sewerage	1,525.00	1,628.70

The following table shows the impact of the proposed increases in sanitation tariffs on the amounts charged per consumer category

Table 10 Comparison between current sanitation charges and new, per consumer type

Consumer type	Current amount payable R	Proposed amount Payable R	Difference R	(% increase)
Single Residential	3,903.90	4,169.37	265.47	6.8%
Shops, B&B's Offices, Hotels	6,001.80	6,409.92	408.12	6.8%
Single residential used for business purposes, restaurants	7,802.55	8,333.12	530.57	6.8%
Group housing and resort zones	3,903.90	4,169.37	265.47	6.8%
Residential property valuation below R350,000	1,171.20	2,084.74	913.54	78%
Septic tank removals	359.74	384.20	24.46	6.8%
Sanitation fee no waterborne sewerage	1,524.60	1,628.27	103.67	6.8%

1.4.5 Waste Removal and Impact of Tariff Increases

Budget circular 66 and 67 state that municipalities should strive to budget for a moderate surplus in order to ensure that the required funding levels are maintained and to ensure that the provision for the rehabilitation of the land fill site is cash backed. The Municipality is currently in a process to close the current land fill site and it is therefore of essence that sufficient funds are available for the rehabilitation of the landfill site estimated to be in excess of R 6 Million. The construction of a waste transfer facility will commence upon conclusion of the revised EIA process and for the time being, the municipality has no alternative but to transport its waste to the Petro SA dumpsite in Mosselbay at an exorbitant cost. In an attempt to reduce this cost, composting of green waste will be done to reduce the volumes. Recycling is promoted to further reduce the volumes and subsequent cost of transporting of waste. The combined cost of transporting, composting and recycling is estimated at R 3.4 Million for the 2015/2016 financial year.

In accordance with the National Treasury directive cost reflective tariff setting is engaged with resulting in an increase of 7.5% in the waste removal tariff with effect from 1 July 2015. To avoid further higher than normal increases in the refuse tariff it is essential that consumers make use of composting and recycling to reduce refuse volumes.

In order to ensure that all owners of property contribute fairly towards to cost associated with the service, an availability charge for refuse for all vacant stands was implemented in the 2014/2015 budget year as the refuse facilities needs to make provision for all possible units of refuse generated measured in terms of all approved erven. Although the refuse charge increases by 7.5%, the Municipality has made the availability charge on vacant stands to be 10.0% less than the normal charge. This is after taking into consideration public comment in the wards during public participation.

The following table compares current and proposed amounts payable from 1 July 2015:

Table 11 Comparison between current waste removal fees and increases

	Current Tariff	Proposed Tariff	Difference	%
	2014/2015	2015/2016	Per Annum	Difference
One removal per bin per week	Per Annum (R)	Per Annum (R)	Per Annum	
Domestic 80ℓ container removed once a week	2,065.80	2,220.74	154.94	7.5%
Domestic 240ℓ container removed once a week	2,167.39	2,329.94	162.55	7.5%
Business/Commercial 80ℓ container removed twice a week	2,686.66	2,888.16	201.50	7.5%
Business/Commercial 240ℓ container removed once a week	2,955.04	3,176.67	221.63	7.5%

1.4.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to between 6% and 7.5%, with the increase for indigent households at 0% due to full subsidization.

Table 12 MBRR Table SA14 – Household bills

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16 % Incr.	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		216.92	252.31	265.01	281.99	281.99	281.99	6.1%	299.12	316.81	335.65
Electricity: Basic levy		265.20	183.60	187.20	201.03	201.03	201.03	11.9%	225.00	253.55	285.73
Electricity: Consumption		770.00	1 017.50	1 087.50	1 167.69	1 167.69	1 167.69	12.3%	1 310.75	1 477.08	1 664.50
Water: Basic levy		204.47	237.59	251.85	264.44	264.44	264.44	6.4%	281.36	299.37	318.53
Water: Consumption		24.00	27.90	29.55	31.05	31.05	31.05	6.4%	33.05	35.15	37.40
Sanitation		250.58	3 494.00	309.83	325.33	325.33	325.33	6.8%	347.42	371.00	396.25
Refuse removal		131.25	152.50	163.17	172.17	172.17	172.17	7.5%	185.08	199.00	213.92
Other		-	-	-	-	-	-	-	-	-	-
sub-total		1 852.42	5 365.40	2 295.11	2 443.70	2 443.70	2 443.70	9.7%	2 681.78	2 951.96	3 251.98
VAT on Services		230.37	715.83	284.07	302.64	302.64	302.64	10.2%	333.57	368.92	408.29
Total large household bill:		2 082.79	6 081.23	2 579.18	2 746.34	2 746.34	2 746.34	9.8%	3 015.35	3 320.88	3 660.27
% Increase/decrease			190.6%	(57.6%)	6.5%	-	-	9.8%	10.1%	10.2%	10.2%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		153.58	178.64	188.34	199.66	199.66	199.66	6.1%	211.78	224.31	237.65
Electricity: Basic levy		265.20	183.60	187.20	201.03	201.03	201.03	11.9%	225.00	253.55	285.73
Electricity: Consumption		385.00	417.50	444.50	477.17	477.17	477.17	9.8%	523.75	590.21	665.09
Water: Basic levy		204.47	237.59	251.85	264.44	264.44	264.44	6.4%	281.36	299.37	318.53
Water: Consumption		-	-	-	-	-	-	-	-	-	-
Sanitation		250.58	3 494.00	309.83	325.33	325.33	325.33	6.8%	347.42	371.00	396.25
Refuse removal		131.25	152.50	163.17	172.17	172.17	172.17	7.5%	185.08	199.00	213.92
Other		-	-	-	-	-	-	-	-	-	-
sub-total		1 390.08	4 663.83	1 544.89	1 639.80	1 639.80	1 639.80	8.2%	1 774.39	1 937.44	2 117.17
VAT on Services		173.11	627.93	169.92	201.62	201.62	201.62	8.5%	218.77	239.84	263.13
Total small household bill:		1 563.19	5 291.76	1 714.81	1 841.42	1 841.42	1 841.42	8.2%	1 993.16	2 177.28	2 380.30
% Increase/decrease			238.5%	(67.2%)	6.1%	-	-	8.2%	9.2%	9.3%	9.3%
Monthly Account for Household - 'Indigent Household receiving free basic services'	3										
Rates and services charges:											
Property rates		-	-	-	-	-	-	-	-	-	-
Electricity: Basic levy		265.20	183.60	187.20	201.03	201.03	201.03	11.9%	225.00	253.55	285.73
Electricity: Consumption		195.00	231.00	246.00	269.37	269.37	269.37	7.3%	320.05	360.66	406.42
Water: Basic levy		51.12	59.40	62.96	66.11	66.11	66.11	6.4%	70.34	74.84	79.63
Water: Consumption		-	-	-	-	-	-	-	-	-	-
Sanitation		250.58	3 494.00	309.83	325.33	325.33	325.33	6.8%	347.42	371.00	396.25
Refuse removal		131.25	152.50	163.17	172.17	172.17	172.17	7.5%	185.08	199.00	213.92
Other		(647.03)	(3 830.10)	(660.20)	(688.53)	(688.53)	(688.53)	8.4%	(757.50)	(823.55)	(895.90)
sub-total		245.12	290.40	308.96	364.48	364.48	364.48	7.1%	390.39	435.50	486.05
VAT on Services		34.46	40.66	43.25	51.03	51.03	51.03	7.1%	54.65	60.97	68.05
Total small household bill:		280.58	331.06	352.21	415.51	415.51	415.51	7.1%	445.04	496.47	554.10
% Increase/decrease			18.0%	6.4%	18.0%	-	-	7.1%	11.6%	11.6%	11.6%

1.5 Operating Expenditure Framework

Bitou Municipality's expenditure framework for the 2015/16 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- The financial recovery of the municipality to ensure the required funding levels are achieved and maintained.
- Continued provision of basic services and financial sustainability
- Operational gains and efficiencies will be directed to ensure appropriate cash backing of statutory funds, provisions and reserves as well as funding the capital budget and other core services.

The following table is a high level summary of the 2015/16 budget and MTREF (classified per main type of operating expenditure):

Table 13 Summary of operating expenditure by standard classification item

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1										
Expenditure By Type											
Employee related costs	2	100 829	111 342	132 990	145 391	144 806	144 806	144 806	174 076	159 319	213 288
Remuneration of councillors		3 735	4 043	4 701	5 032	5 047	5 047	5 047	5 289	5 620	5 985
Debt impairment	3	10 468	11 650	28 167	15 920	36 269	36 269	36 269	37 192	39 166	41 229
Depreciation & asset impairment	2	25 578	29 396	30 791	22 821	18 555	18 555	18 555	20 326	21 342	22 409
Finance charges		12 792	13 559	13 683	13 837	14 358	14 358	14 358	15 076	16 206	17 503
Bulk purchases	2	64 255	70 626	76 836	79 694	79 694	79 694	79 694	91 012	103 939	118 706
Other materials	8	-	2 548	3 044	3 155	3 680	3 680	3 680	3 503	3 665	3 851
Contracted services		10 999	18 876	19 773	19 573	25 477	25 477	25 477	23 002	19 879	20 204
Transfers and grants		632	2 332	2 438	2 700	4 230	4 230	4 230	4 127	4 133	4 140
Other expenditure	4, 5	78 138	86 943	97 945	152 581	171 984	171 984	171 984	160 506	157 558	168 089
Loss on disposal of PPE		25	-	-	60	60	60	60	83	87	90
Total Expenditure		307 451	351 315	410 368	460 774	504 200	504 200	504 200	534 192	589 955	615 493

The budgeted allocation for employee related costs for the 2015/16 financial year totals R 174, 0 Million, which equals 32.5% of the total operating expenditure. Based on the collective SALGBC wage agreement, salary increases have been factored into this budget at a percentage increase of 6% for the 2015/16 financial year as well as the outer two years.

In order to ensure economic viability and to not overstretch the already limited financial resources, cash management strategy and vacancies have to be significantly rationalized downwards and budgeted in a staggering manner. Only the positions that are critical for service delivery have been included in the 2015/2016 budget. These positions are mainly at electricity services, water and waste water, cemeteries and parks and to some extent the revenue and supply chain section. In line with National Treasury advocacy on use of external service

providers, departments are to provide detailed exit plan on use of consultants before any positions can be funded and appointments be made within each directorate.

In this MTREF funding of new post has been done in a staggering approach, meaning core service delivery positions and some critical positions are funded since last year and continue to take priority again.

The cost associated with the remuneration of public office bearers is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The remuneration cost of councilors is partially subsidized through the equitable share allocation awarded to the municipality in terms of the division of revenue Act. An allocation in the amount of R 57 million is awarded to Bitou for the 2015/2016 financial year.

The provision of debt impairment was determined based on an annual collection rate of 95.0% and the Debt Write-off Policy of the Municipality. The current average collection rate equals 95% at end of April 2015 and it is anticipated that the recovery of debt, through the increase in debt collection action will reach a level of 97.0% upon conclusion of the current financial year. The provision amounts to R 37, 1 million for the 2015/16 financial year.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate at which assets are consumed. Budget appropriations in this regard total R 20, 3 million for the 2015/16 financial year and equates to 3.8% of the total operating expenditure.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 2.8% (R15, 0 million) of operating expenditure excluding annual redemption for 2015/16 and remains constant through the remainder of the MTREF. Bitou Municipality has nearly reached its prudential limits for borrowing and care needs to be taken to ensure that annual finance charges remains within the affordability threshold of ratepayers and consumers considering the prevailing economic circumstances.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditure includes electricity distribution losses which equals 17%, Water distribution losses as at 30 June 2014 amounted to 7.0% and a concerted effort is necessary to ensure the reduction of the losses to within acceptable norms.

Other materials comprise of amongst others the purchase of materials and spares for maintenance, cleaning materials and chemicals. In line with Bitou Municipality's repairs and maintenance plan this group of expenditure has been prioritized to ensure sustainability of Bitou Municipality's infrastructure. For 2015/16 the appropriation against this group of expenditure has decreased by 0.6%

Contracted services relates to the provision of services by means of the appointment of service providers where the necessary in-house skills are not available or have not yet been adequately developed. Certain functions also require the contracting of specialist knowledge contracted from time to time due to the fact that the municipality cannot afford to employ experts on a full-time basis. This category of expenditure decreases by (R2, 4 million). This again emphasizes the need to build capacity to ensure certain functions are performed in-house as recommended by National Treasury.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Other expenditure decrease by 6.6% for the 2015/16 financial year and reduces with 1.8% for the 2016/2017 year, where-after it increase by 6.6% for the 2017/2018 year.

The following graph gives a breakdown of the main expenditure categories for the 2015/16 financial year.

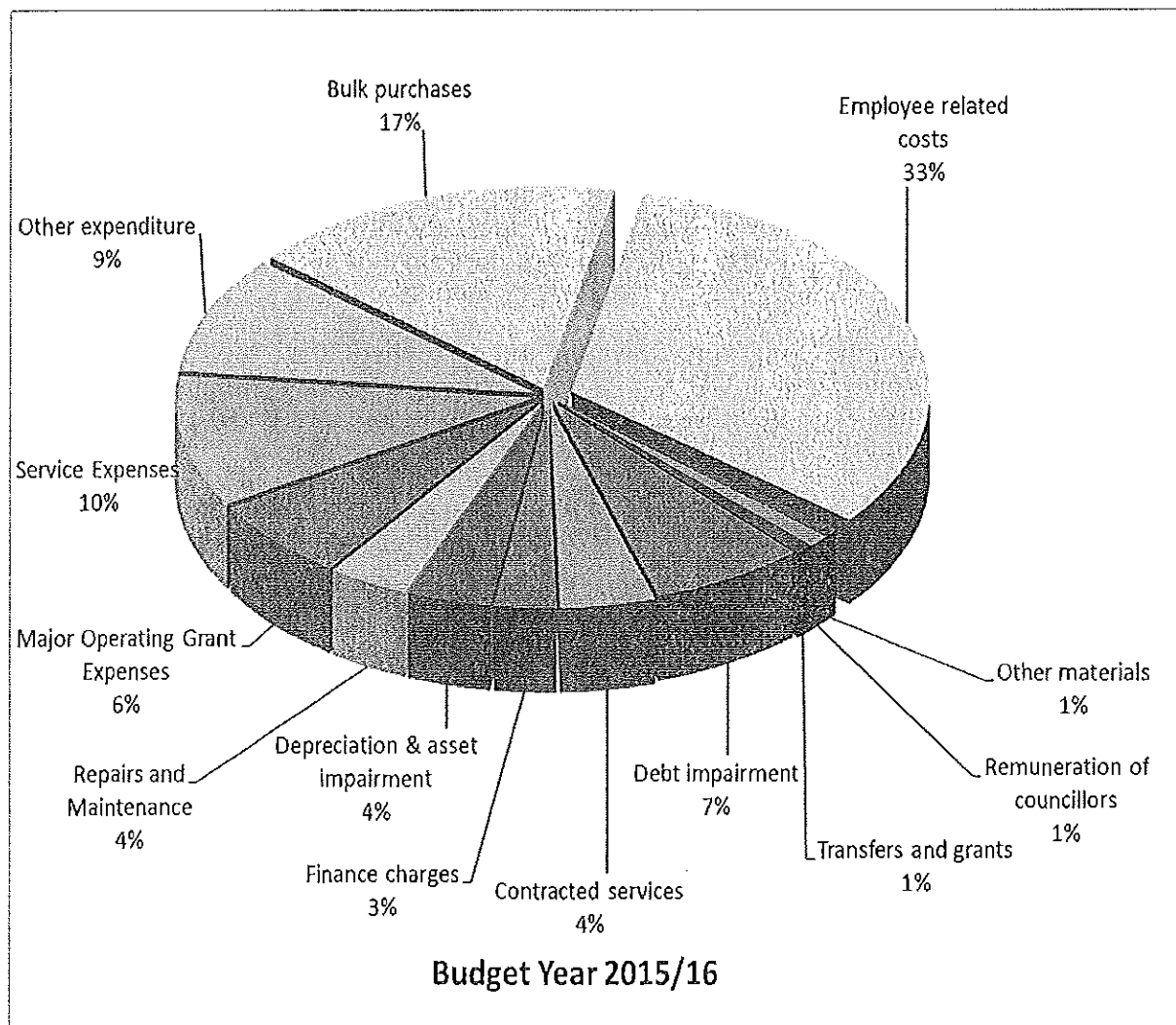


Figure 2: Main operational expenditure categories for the 2015/16 financial year

1.5.1 Priority given to repairs and maintenance

In order to ensure the health of the assets of the municipality and to prolong the useful lives, it is necessary to ensure that repairs and maintenance is adequately budgeted. Budget circular 66 cautions municipalities not to affect savings in repairs and maintenance to balance the budget but to ensure that sufficient budgetary allocation is made for this expenditure item. The

following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 14 Operational repairs and maintenance

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
Repairs and Maintenance	8										
Other Expenditure		10 243	9 900	12 073	16 242	16 082	16 082	16 082	19 361	18 861	18 229
Total Repairs and Maintenance Expenditure	9	10 243	9 900	12 073	16 242	16 082	16 082	16 082	19 361	18 861	18 229

Repairs and maintenance is increases by 20.3% in the 2015/2016 financial year, from R 16, 0 million to R 19, 3 million. During the latest 2014/2015 Adjustment Budget this allocation was adjusted slightly downwards by 0.9%. As part of the 2015/16 MTREF this strategic imperative remains a priority, it must be improved as can be seen by the budget appropriations over the MTREF. The allocation to repairs and maintenance gradually decreases over the MTREF and is reliant on the financial recovery of the municipality to be further supplemented.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 15 Repairs and maintenance per asset class

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment	3	25 578	29 396	30 791	22 821	18 555	18 555	20 326	21 342	22 409
Repairs and Maintenance by Asset Class		10 243	9 900	12 073	16 242	16 082	16 082	19 361	18 861	18 229
Infrastructure - Road transport		1 793	1 659	3 144	2 485	2 465	2 465	3 667	3 693	3 726
Infrastructure - Electricity		1 688	1 540	2 022	2 874	1 932	1 932	2 445	2 543	2 645
Infrastructure - Water		31	134	255	722	692	692	801	833	866
Infrastructure - Sanitation		959	1 257	983	2 828	2 560	2 560	2 037	2 123	2 213
Infrastructure - Other		881	623	523	690	-	-	718	746	-
Infrastructure	6, 7	5 352	5 213	6 927	9 598	7 648	7 648	9 667	9 938	9 449
Community		2 097	1 846	1 958	1 832	2 040	2 040	4 029	3 525	3 094
Other assets		2 794	2 641	3 189	4 812	6 393	6 393	5 665	5 398	5 686
TOTAL EXPENDITURE OTHER ITEMS		35 821	39 296	42 865	39 063	34 637	34 637	39 687	40 203	40 638

For the 2015/16 financial year, 46.2% or R 8, 9 million of total repairs and maintenance will be spent on infrastructure assets. Electricity infrastructure receives an allocation totaling 12.6% (R2, 4 million), road infrastructure has received a slightly higher proportion of this allocation totaling 18.9% (R3, 6 million), sanitation 10.5% (R2, 0 million) and water 4.1% (R0, 8).

Community assets have been allocated R 4, 0 million of total repairs and maintenance equating to 20.8%.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of Bitou Municipality's Indigent Policy. It is estimated that between 6000 and 7000 households will receive subsidy on tariffs and rates in the 2015/2016 financial year, either by means of the full basket of services given as Indigent subsidies or in terms of the property value threshold where owners of properties with a value of less than R 350, 000 qualify for services at sub-economic tariffs. The estimated expenditure on free and subsidized services, inclusive of assessment rate rebates will exceed R 34.4 Million for the 2015/2016 financial year.

The results of Census 2011 has also shown that the population of Bitou have significantly increased over the last 10 years, making it the fourth fastest growing area, measured by population in the country from census to census. The indigent process is one of self-registration therefore households needing assistance must annually apply for the subsidy. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 16 2015/16 Medium-term capital budget per vote

Vote Description R thousand	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Council		-	-	-	-	-	-	-	-	-	-
Office of the Municipal Manager		-	-	-	-	-	-	-	-	-	-
Community Services		-	351	1 745	6 000	6 235	6 235	6 235	13 199	260	-
Corporate Services		-	-	-	-	-	-	-	-	-	-
Financial Services		-	-	-	1 000	-	-	-	1 000	-	-
Strategic Services		-	-	-	-	-	-	-	-	-	-
Municipal Services and Infrastructure Development		-	8 931	28 910	-	100	100	100	-	877	2 438
Capital multi-year expenditure sub-total	7	-	9 331	30 654	7 000	6 336	6 336	6 336	14 199	1 137	2 438
Single-year expenditure to be appropriated	2										
Council		43	11	-	-	-	-	-	-	-	-
Office of the Municipal Manager		10	-	44	-	367	367	367	310	-	-
Community Services		17 577	334	26 858	4 814	11 972	11 972	11 972	26 299	21 244	24 343
Corporate Services		-	30	248	-	284	284	284	386	-	-
Financial Services		2 414	59	1 508	1 483	1 751	1 751	1 751	2 848	-	-
Strategic Services		38	218	369	-	-	-	-	3 080	-	-
Municipal Services and Infrastructure Development		17 470	30 290	9 663	32 409	41 936	41 936	41 936	42 747	49 338	40 271
Capital single-year expenditure sub-total		37 551	30 942	38 690	38 706	56 309	56 309	56 309	75 671	70 582	64 613
Total Capital Expenditure - Vote		37 551	40 273	69 344	45 706	62 645	62 645	62 645	89 870	71 719	67 051

An amount of R 63.4 million has been appropriated for the development of infrastructure which represents 70.5 % of the total capital budget.

New assets represent 87.3 cent or R 78, 4 million of the total capital budget while asset renewal equates to 12.6% or R 11.4 million. Further detail relating to asset classes and proposed capital expenditure is contained in Table 26 MBRR A9 (Asset Management). In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital program relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class.

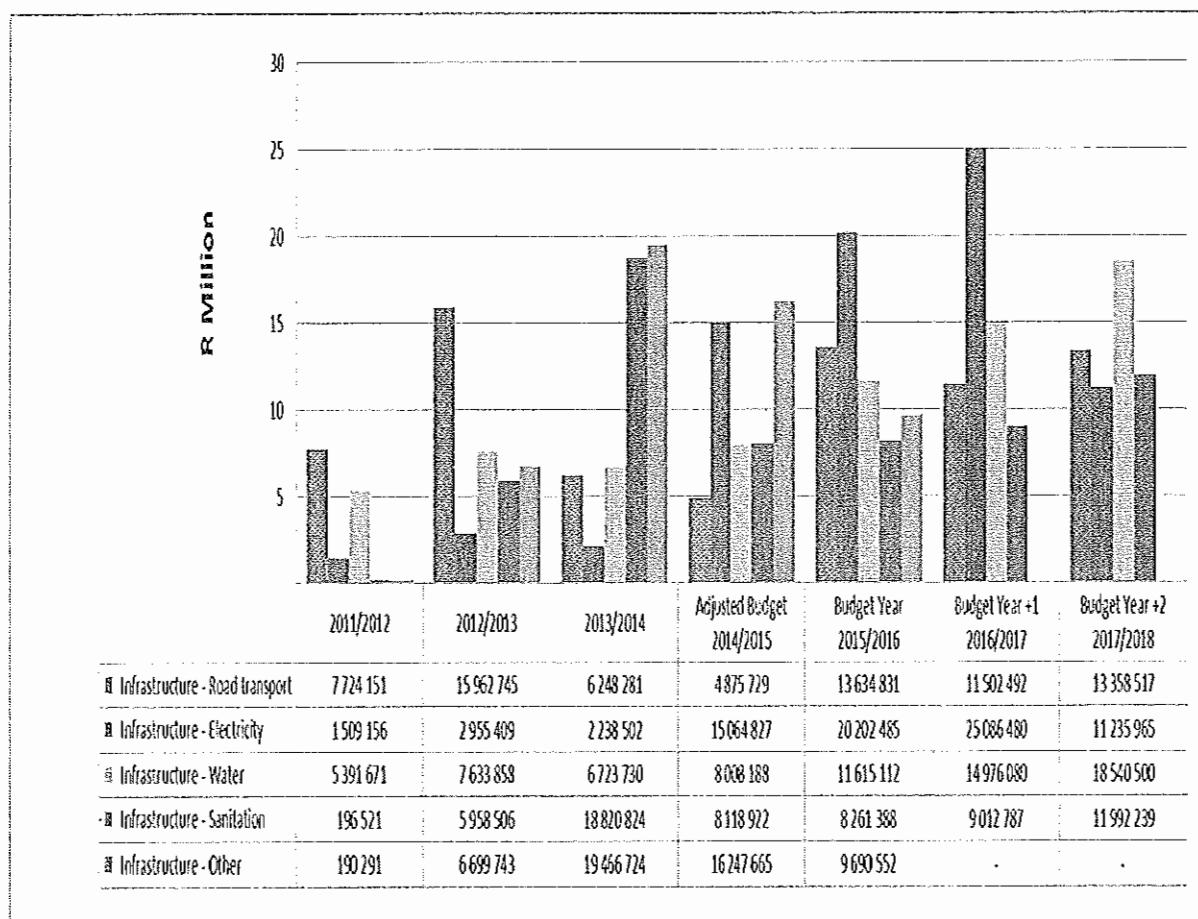
The following is a list of projects to be undertaken over the medium-term:

Vote	Budget Details	Provision. Budget	Provision. Budget	Provision. Budget	Funding Sources
		2015/2016	2016/2017	2017/2018	
5 5112003	1 FURNITURE AND EQUIPMENT	40 000.00			CRR
5 5210046	1 FURNITURE AND EQUIPMENT	70 000.00			CRR
5 5312016	1 TOOLS AND EQUIPMENT	1 100 000.00			CRR
5 5312046	1 FURNITURE AND EQUIPMENT	240 000.00			CRR
5 5320012	1 PURCHASE OF LAND (GRANTS)	6 887 428.00	5 711 227.00	6 729 888.00	Housing
5 5320031	1 LAND AND BUILDINGS 2	151 695.00			External Loans
5 5322015	1 LDV LONG WHEEL BASE DIESEL		300 000.00		CRR
5 5330018	1 BOOK DETECTION SYSTEM	160 000.00			Library MRF Grant
5 5330039	1 UPGRADE OF MUNICIPAL BUILDINGS	750 000.00	500 000.00		Library MRF Grant
5 5330046	1 FURNITURE AND EQUIPMENT	165 000.00			Library MRF Grant
5 5340012	1 FIRE HYDRANTS		80 000.00		CRR
5 5340013	1 TOOLS AND EQUIPMENT		400 000.00		CRR
5 5342013	1 TOOLS AND EQUIPMENT		60 000.00		CRR
5 5342015	1 TRAILOR		200 000.00		CRR
5 5342032	1 LAND AND BUILDINGS 2	2 700 000.00			External Loans
5 5350034	1 EQUIPMENT		188 000.00		CRR
5 5350035	1 UPGRADE OF SPORTS FACILIT: MIG	438 596.00	2 562 275.00	1 754 386.00	MIG
5 5352004	1 ESTABLISHMENT OF NEW CEMENTARY	531 392.00			External Loans
5 5354035	1 UPGRADE OF MUNICIPAL BUILDING	300 000.00			CRR
5 5410022	1 STORAGE CABINET FOR CATERING E	100 000.00			CRR
5 5410024	1 AIR CONDITIONERS	20 000.00			CRR
5 5410029	1 ARCHIVAL UPGRADE	200 000.00			CRR
5 5410035	1 UPGRADE OF MUNICIPAL BUILDINGS	66 000.00			CRR
5 5412003	1 FURNITURE AND EQUIPMENT	200 000.00			CRR
5 5422003	1 PAVING FOR ENTRANCE AND SURROU	1 500 000.00			CRR
5 5510047	1 FURNITURE AND EQUIPMENT	200 000.00			CRR
5 5540002	1 Integrated IT System	94 054.00			External Loans
5 5540013	1 COMPUTER EQUIPMENT 1	400 000.00			CRR
5 5540014	1 COMPUTER EQUIPMENT	350 000.00			CRR
5 5540020	1 DR SERVER/STORAGE PROJECT	191 370.00			CRR
5 5540021	1 MAIN BUILDING NETWORK SWITCHES	58 965.00			CRR
5 5540022	1 COMPUTER REPLACEMENT	655 012.00			CRR
5 5540023	1 WIRELESS EQUIPMENT	175 665.00			CRR
5 5540026	1 WIRELESS UPGRADES	147 500.00			CRR
5 5540027	1 MANAGEMENT SOFTWARE	30 000.00			CRR
5 5540035	1 UPGRADE OF MUNICIPAL BUILDINGS	95 557.00			External Loans
5 5550046	1 FURNITURE AND EQUIPMENT	200 000.00			CRR
5 5560016	1 WATER MANAGEMENT DEVICES	1 000 000.00			External Loans
5 5560046	1 FURNITURE AND EQUIPMENT	250 000.00			CRR
5 5712039	1 UPGRADE OF MUNICIPAL BUILDINGS	1 315 789.00			SASSA FUNDING
5 5740003	1 FURNITURE AND EQUIPMENT 1	150 000.00			CRR
5 5740033	1 PARKING FACILITIES 2	114 440.00			External Loans
5 5820023	1 TOOLS AND EQUIPMENT	140 000.00	130 000.00	40 000.00	CRR
5 5820032	1 KRANSHOEK: TREKKER STREET SW (MIG)	1 689 208.00			MIG
5 5820061	1 QOLWENI PHASE 3: ROADS & SW (DOHS)	1 851 226.00	1 535 083.00	1 808 882.00	Housing
5 5820102	1 NEW HORIZONS: PARKING AREA (RID)		366 013.00		CRR
5 5820105	1 KRANSHOEK: TAXI EMBAYMENTS (ITP)	200 000.00			CRR
5 5820107	1 KWANO: WALKWAY/CROSSING (NMT)	900 000.00	980 000.00	1 000 000.00	CRR
5 5820200	1 KWANO: SPEEDHUMPS (SHP)		60 000.00	260 000.00	CRR
5 5820205	1 KRANSHOEK: SPEEDHUMPS (CDP)			100 000.00	CRR
5 5820206	1 LOOKOUT BEACH: PARKING (CDP)			750 000.00	External Loans
5 5820207	1 KRANSHOEK: UPGRADE GRAVEL ROADS (MIG)	1 315 789.00	2 441 461.00	2 631 579.00	MIG
5 5820208	1 PLETT: UPGRADE UNPAVED ROADS (PMS)			500 000.00	CRR
5 5820209	1 PLETT: REHAB PAVED ROADS (PMS)	3 646 771.00	3 426 291.00	3 308 407.00	CRR
5 5820307	1 KWANO: UPGRADE GRAVEL ROADS (MIG)	1 315 789.00	1 816 451.00	1 245 263.00	MIG
5 5820308	1 KWANO: SISHUBA EXTENSION (MIG)		877 193.00	1 754 386.00	MIG
5 5824000	1 REPLACEMENT OF FLEET VEHICLE	6 000 000.00			CRR
5 5824001	1 NEW PLANT & MACHINERY			2 500 000.00	CRR
5 5830006	1 WASTE TRANSFER STATION (G)	877 193.00			MIG
5 5830007	1 WASTE TRANSFER STATION	5 000 000.00			External Loans

Vote	Budget Details	Provision.	Provision.	Provision.	Funding Sources
		Budget 2015/2016	Budget 2016/2017	Budget 2017/2018	
5 5840104	1 PLETT: UPGRADE PUMP STNS (UDP)		600 000.00	500 000.00	External Loans
5 5840105	1 PLETT: UPGRADE/INSTALL TELEMETRY (SMP)	770 000.00			CRR
5 5840107	1 PLETT: UPGRADE GANSEVALLEI WWTW (SMP)	80 000.00		700 000.00	CRR
5 5840109	1 UPGRADE BPS PUMPSTATION-CRR		405 000.00	917 000.00	CRR
5 5840200	1 PIESANG VALLEY: UPGRADE PUMP STNS (SMP)	1 000 000.00	3 890 000.00	4 890 000.00	External Loans
5 5840202	1 PLETT: UPGRADE OUTFALL SEWER TO WWTW (SMP)		366 000.00		CRR
5 5840206	1 SECURITY FOR SITE SITES-CRR	250 000.00	250 000.00	250 000.00	CRR
5 5840207	1 PUMP STATION EQUIPMENT-CRR	300 000.00			CRR
5 5850016	1 ELECTRIFICATION: HOUSING PROGRAM (DOE)	6 140 351.00	7 017 544.00	4 385 965.00	INEP
5 5850046	1 TOOLS AND EQUIPMENT		150 000.00	150 000.00	CRR
5 5850062	1 KRANSHOEK: STREET LIGHTS (MIG)	1 130 934.00	1 497 136.00		MIG
5 5850063	1 STREET LIGHTS-CRR	500 000.00	400 000.00	300 000.00	CRR
5 5850064	1 PLETT: UPGRADE NETWORK (EMP)		2 183 000.00	2 800 000.00	CRR
5 5850065	1 PLETT: UPGRADE MAIN SUPPLY (EMP)	7 131 200.00	8 988 800.00		External Loans
5 5850066	1 PLETT: UPGRADE EQUIPMENT (UDP)	1 300 000.00	4 000 000.00	1 750 000.00	CRR
5 5850067	1 PLETT: NEW GENERATORS (UDP)	2 000 000.00	1 000 000.00	2 000 000.00	External Loans
5 5850087	1 SUBSTA UPGRADES & REPLACE-CRR	1 000 000.00			CRR
5 5850088	1 MINI SUBS 2-CRR	1 000 000.00			CRR
5 5850206	1 SECURITY KEY SITES-CRR		150 000.00	150 000.00	CRR
5 5860023	1 TOOLS AND EQUIPMENT	53 000.00	150 000.00		CRR
5 5860047	1 RETICULATION UPGRADES & REPLAC	400 000.00	900 000.00	700 000.00	External Loans
5 5860049	1 KEURBOOMS WATER SUPPLY AND ABS		877 193.00	2 438 071.00	MIG
5 5860055	1 WATER DEMAND MANAGEMENT(PRESSU	355 000.00	455 000.00	20 000.00	CRR
5 5860061	1 QOLWENI PHASE 3: WATER (DOHS)	1 669 261.00	1 384 192.00	1 631 078.00	Housing
5 5860062	1 ROODEFONTEIN DAM UPGRADES 3		877 193.00	1 754 386.00	MIG
5 5860084	1 SUPPLY TO KWANO & SURROUNDS	6 745 851.00	2 430 923.00		MIG
5 5860091	1 KURLAND: UPGRADE WTW	375 000.00			CRR
5 5860102	1 KURLAND: NEW WATER SUPPLY (UDP)		877 193.00	1 754 386.00	MIG
5 5860103	1 KRANSHOEK: NEW WATER SUPPLY (UDP)		1 754 386.00	2 631 579.00	MIG
5 5860105	1 NATURES VALLEY: UPGRADE WATER SUPPLY (UDP)		500 000.00	2 000 000.00	CRR
5 5860107	1 PLETT: UPGRADE DISTRIBUTION (WMP)		2 525 000.00	3 241 000.00	CRR
5 5860109	1 PLETT: UPGRADE BULK SUPPLY (WMP)		1 695 000.00	1 800 000.00	CRR
5 5860200	1 PLETT: UPGRADE/INSTALL TELEMETRY (WMP)	570 000.00	200 000.00	70 000.00	CRR
5 5860206	1 SECURITY FOR KEY SITES-CRR	300 000.00	270 000.00	270 000.00	CRR
5 5860207	1 PUMP STATION EQUIPMENT-EFF	500 000.00	500 000.00	500 000.00	External Loans
	GRAND TOTAL	89 870 191.00	71 719 341.00	67 051 495.00	

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.

Figure 3 Capital Infrastructure Program



1.7 Annual Budget Tables – Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2015/16 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 17 MBRR Table A1 - Budget Summary

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands										
Financial Performance										
Property rates	66 730	84 155	95 015	113 799	102 694	102 694	102 694	108 855	115 060	121 964
Service charges	164 698	179 798	187 656	220 224	248 974	248 974	248 974	271 092	296 054	323 276
Investment revenue	1 614	2 844	3 365	2 639	3 911	3 911	3 911	4 087	4 271	4 463
Transfers recognised - operational	37 107	82 274	84 124	116 966	101 962	101 962	101 962	101 375	102 694	114 539
Other own revenue	16 961	24 681	54 144	14 321	43 726	43 726	43 726	47 339	47 893	48 814
Total Revenue (excluding capital transfers and contributions)	287 110	373 752	424 303	467 949	501 266	501 266	501 266	532 748	585 972	613 056
Employee costs	100 829	111 342	132 990	145 381	144 806	144 806	144 806	174 076	198 319	213 288
Remuneration of councillors	3 735	4 043	4 701	5 032	5 047	5 047	5 047	5 289	5 620	5 985
Depreciation & asset impairment	25 578	29 396	30 791	22 821	18 555	18 555	18 555	20 326	21 342	22 409
Finance charges	12 792	13 559	13 683	13 837	14 358	14 358	14 358	15 076	16 206	17 503
Materials and bulk purchases	64 256	73 174	79 880	82 849	83 373	83 373	83 373	94 515	107 605	122 557
Transfers and grants	632	2 332	2 438	2 700	4 230	4 230	4 230	4 127	4 133	4 140
Other expenditure	99 628	117 469	145 885	188 154	233 831	233 831	233 831	220 783	216 729	229 612
Total Expenditure	307 451	351 315	410 368	460 774	504 200	504 200	504 200	534 192	569 955	615 493
Surplus/(Deficit)	(20 341)	22 437	13 935	7 175	(2 935)	(2 935)	(2 935)	(1 443)	(3 983)	(2 437)
Transfers recognised - capital	21 703	22 857	49 960	27 214	39 710	39 710	39 710	45 540	40 369	40 476
Surplus/(Deficit) after capital transfers & contributions	1 362	45 295	63 896	34 389	36 776	36 776	36 776	44 097	36 386	38 039
Surplus/(Deficit) for the year	1 362	45 295	63 896	34 389	36 776	36 776	36 776	44 097	36 386	38 039
Capital expenditure & funds sources										
Capital expenditure	37 551	40 273	69 544	45 706	62 645	62 645	62 645	69 870	71 719	67 051
Transfers recognised - capital	26 883	31 565	43 859	25 228	35 833	35 833	35 833	41 013	35 911	35 505
Public contributions & donations	-	142	2 309	-	673	673	673	1 316	-	-
Borrowing	3 841	8 350	18 054	10 000	10 919	10 919	10 919	21 987	15 879	9 340
Internally generated funds	6 826	216	5 323	10 478	15 219	15 219	15 219	25 554	19 929	22 206
Total sources of capital funds	37 551	40 273	69 544	45 706	62 645	62 645	62 645	69 870	71 719	67 051
Financial position										
Total current assets	76 935	94 226	119 940	161 167	133 322	133 322	133 322	137 086	136 393	141 150
Total non current assets	698 708	710 297	749 595	791 481	793 928	793 928	793 928	858 291	908 668	953 310
Total current liabilities	108 311	95 461	80 815	75 893	94 754	94 754	94 754	102 354	105 796	123 033
Total non current liabilities	181 135	177 569	193 333	211 872	200 333	200 333	200 333	216 762	226 619	220 742
Community wealth/Equity	486 197	531 492	595 388	665 083	632 164	632 164	632 164	676 260	712 646	750 685
Cash flows										
Net cash from (used) operating	27 604	51 203	71 769	82 470	75 347	75 347	75 347	76 256	66 515	73 722
Net cash from (used) investing	(35 520)	(40 983)	(70 091)	(44 977)	(60 653)	(60 653)	(60 653)	(83 744)	(72 069)	(66 450)
Net cash from (used) financing	19 852	3 369	5 291	(3 285)	(1 885)	(1 885)	(1 885)	8 425	1 651	(6 556)
Cash/cash equivalents at the year end	28 620	42 208	49 177	111 133	61 986	61 986	61 986	62 924	59 021	59 737
Cash backing/surplus reconciliation										
Cash and investments available	32 895	46 766	54 057	116 451	67 168	67 168	67 168	62 924	59 021	59 737
Application of cash and investments	33 890	20 290	3 030	76 313	21 690	21 690	21 690	23 352	26 045	31 803
Balance - surplus (shortfall)	(995)	26 496	51 027	40 138	45 478	45 478	45 478	39 572	32 975	27 934
Asset management										
Asset register summary (MDV)	694 221	705 584	744 657	786 163	788 746	788 746	858 291	858 291	908 668	953 310
Depreciation & asset impairment	25 578	29 396	30 791	22 821	18 555	18 555	20 326	20 326	21 342	22 409
Renewal of Existing Assets	-	12 516	30 100	7 524	11 516	11 516	11 516	11 413	7 707	5 763
Repairs and Maintenance	10 243	9 900	12 073	16 242	16 082	16 082	19 361	19 361	18 861	18 229
Free services										
Cost of Free Basic Services provided	8 023	11 096	11 099	11 571	11 571	13 874	15 676	15 676	17 847	20 144
Revenue cost of free services provided	12 454	16 142	16 142	21 491	29 589	29 589	33 403	33 403	37 848	42 458
Households below minimum service level										
Water:	0	0	0	0	0	0	0	0	0	0
Sanitation/sewerage:	1	1	0	0	0	0	0	0	0	-
Energy:	1	4	4	4	4	4	5	5	5	5
Refuse:	0	0	0	0	0	0	0	0	0	0

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of Bitou Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasize the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which:
 - i. Transfers recognized is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget;
 - iii. Internally generated funds are financed from the anticipated operating surplus to be realized at 30 June 2015. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are gradually becoming available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations were not cash-backed. This has then placed the municipality in a very vulnerable financial position, with the improve revenue collection this situation has started to improve as all provisions are 0% backed by cash. Consequently Council needs to take ensure adequate cash-backing for all material obligations in accordance with the Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back may exceed the MTREF as service delivery requirements also need to receive the appropriate attention. The long term financial plan tabled with this budget will assist in this regard and council need to adopt this policy.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase.

Table 18 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		94 158	126 324	141 490	145 053	136 374	136 374	151 853	159 509	170 538
Executive and council		22 150	32 168	2 535	4 265	7 742	7 742	7 692	6 940	7 393
Budget and treasury office		71 108	93 489	100 036	119 150	108 251	108 251	116 749	123 798	131 473
Corporate services		900	668	38 919	21 638	20 380	20 380	27 411	28 771	31 673
<i>Community and public safety</i>		23 684	61 895	104 230	80 185	99 617	99 617	88 910	83 353	92 635
Community and social services		2 500	4 236	6 226	9 271	9 244	9 244	9 731	10 139	10 779
Sport and recreation		1 916	864	2 891	588	1 013	1 013	350	381	404
Public safety		5 995	6 103	29 839	6 862	31 706	31 706	33 627	35 321	37 270
Housing		13 273	50 691	65 274	63 463	57 654	57 654	45 192	37 512	44 182
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		15 515	6 774	3 654	1 543	2 339	2 339	2 911	2 307	2 446
Planning and development		15 213	6 242	2 514	1 443	2 239	2 239	2 145	2 307	2 446
Road transport		302	532	1 140	100	100	100	766	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		175 266	201 401	224 655	267 899	302 379	302 379	334 089	360 615	387 325
Electricity		91 502	97 776	101 258	121 727	122 233	122 233	139 255	156 531	171 338
Water		38 253	50 328	50 674	63 113	73 958	73 958	79 602	84 477	89 514
Waste water management		29 327	35 131	47 620	49 277	66 940	66 940	71 809	72 574	77 609
Waste management		16 184	18 166	25 105	33 782	39 248	39 248	43 422	47 033	48 864
<i>Other</i>	4	189	216	235	484	267	267	526	556	587
Total Revenue - Standard	2	308 813	396 610	474 264	495 163	540 976	540 976	578 288	606 340	653 532
Expenditure - Standard										
<i>Governance and administration</i>		95 634	96 738	109 834	126 877	128 251	128 251	136 072	141 945	149 640
Executive and council		57 008	32 727	32 032	30 444	30 297	30 297	32 670	32 725	34 549
Budget and treasury office		18 162	26 757	9 418	45 414	39 226	39 226	44 622	46 191	48 466
Corporate services		20 465	37 255	68 384	51 019	58 729	58 729	58 780	63 029	66 625
<i>Community and public safety</i>		53 015	87 626	115 752	104 067	107 628	107 628	102 612	105 713	116 160
Community and social services		7 884	9 971	11 838	14 472	13 693	13 693	15 150	16 921	18 086
Sport and recreation		14 279	14 623	15 784	8 181	9 132	9 132	10 803	12 835	13 918
Public safety		17 646	17 050	37 885	15 582	35 386	35 386	42 556	47 513	50 900
Housing		13 188	45 983	50 245	65 832	49 417	49 417	34 099	28 439	33 251
Health		18	-	-	-	-	-	5	5	5
<i>Economic and environmental services</i>		24 503	26 217	31 161	18 193	19 536	19 536	21 911	23 103	25 629
Planning and development		7 379	9 066	11 541	8 805	10 060	10 060	10 495	11 782	12 788
Road transport		17 124	17 151	19 620	9 388	9 476	9 476	11 415	11 322	12 841
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		130 501	137 098	149 687	209 443	245 548	245 548	267 455	292 858	318 090
Electricity		79 482	81 826	92 200	115 831	115 966	115 966	130 187	145 642	162 989
Water		19 910	21 828	25 507	36 171	40 971	40 971	45 236	48 165	50 878
Waste water management		17 682	15 268	12 348	24 460	44 612	44 612	47 303	50 398	53 519
Waste management		13 428	18 177	19 633	32 582	43 979	43 979	44 728	48 654	50 704
<i>Other</i>	4	3 798	3 636	3 934	2 193	3 238	3 238	6 142	6 335	5 975
Total Expenditure - Standard	3	307 451	351 315	410 368	460 774	504 200	504 200	534 192	569 955	615 493
Surplus/(Deficit) for the year		1 362	45 295	63 896	34 389	36 776	36 776	44 097	36 386	38 039

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognized – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste water as well as waste management function. Administrative functions have been charged to the respective service delivery departments and surpluses are absorbed by the allocation of administrative and other overhead cost associated with governance.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

Table 19 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

WC047 Bitou - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue by Vote	1									
Council		-	-	-	2 400	2 400	2 400	2 507	2 620	2 878
Office of the Municipal Manager		22 150	35 706	42 090	25 847	20 459	20 459	25 933	28 055	30 920
Community Services		39 868	80 061	129 335	113 967	138 865	138 865	132 332	130 386	141 499
Corporate Services		401	9	801	9	709	709	352	2	2
Financial Services		71 108	90 036	98 018	116 212	112 208	112 208	120 929	128 167	136 039
Strategic Services		15 902	7 031	3 329	2 511	3 105	3 105	4 802	3 528	3 732
Municipal Services and Infrastructure Development		159 384	183 766	200 690	234 217	263 231	263 231	291 433	313 582	338 461
Total Revenue by Vote	2	308 813	396 610	474 264	495 163	540 976	540 976	578 288	606 340	653 532
Expenditure by Vote to be appropriated	1									
Council		7 439	4 843	7 869	5 915	5 769	5 769	6 182	6 560	6 970
Office of the Municipal Manager		44 024	28 913	31 439	25 995	25 565	25 565	20 611	21 941	23 170
Community Services		66 425	105 803	135 429	138 684	153 350	153 350	149 137	156 276	168 897
Corporate Services		14 055	13 444	15 287	22 331	24 997	24 997	30 029	32 484	34 330
Financial Services		24 192	31 957	37 861	60 647	57 609	57 609	65 555	66 419	69 627
Strategic Services		15 742	27 914	28 743	16 416	14 561	14 561	18 932	20 912	21 689
Municipal Services and Infrastructure Development		135 573	138 440	153 739	190 785	222 348	222 348	243 746	265 382	290 812
Total Expenditure by Vote	2	307 451	351 315	410 368	460 774	504 200	504 200	534 192	569 955	615 493
Surplus/(Deficit) for the year	2	1 362	45 295	63 896	34 389	36 776	36 776	44 097	36 386	38 039

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

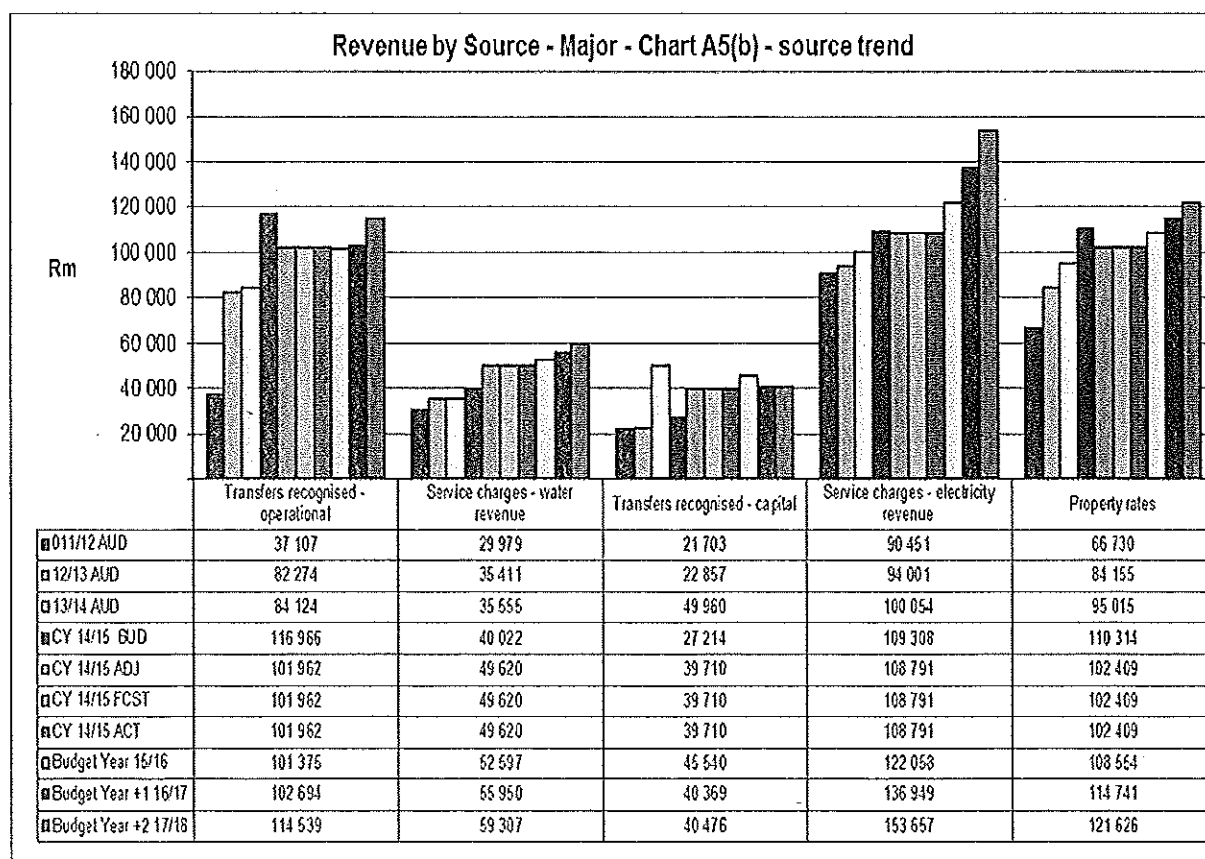
1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of Bitou Municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table 20 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1										
Revenue By Source											
Property rates	2	66 730	84 155	95 015	110 314	102 409	102 409	102 409	108 554	114 741	121 526
Property rates - penalties & collection charges		-	-	-	3 485	285	285	285	302	319	338
Service charges - electricity revenue	2	90 451	94 001	100 054	109 308	108 791	108 791	108 791	122 058	136 949	153 657
Service charges - water revenue	2	29 979	35 411	35 555	40 022	49 620	49 620	49 620	52 597	55 950	59 307
Service charges - sanitation revenue	2	28 085	32 222	32 885	41 816	56 643	56 643	56 643	60 489	64 803	68 966
Service charges - refuse revenue	2	16 184	18 165	19 162	29 079	33 920	33 920	33 920	35 947	38 551	41 346
Rental of facilities and equipment		763	1 207	1 347	1 322	1 321	1 321	1 321	1 396	1 468	1 548
Interest earned - external investments		1 614	2 844	3 365	2 639	3 911	3 911	3 911	4 087	4 271	4 463
Interest earned - outstanding debtors		3 162	3 538	3 641	-	2 426	2 426	2 426	3 132	3 303	1 734
Fines		5 144	4 664	28 612	5 300	30 591	30 591	30 591	32 426	34 047	35 920
Licences and permits		94	65	54	74	44	44	44	48	50	51
Agency services		761	1 140	1 147	1 439	1 085	1 085	1 085	1 150	1 219	1 293
Transfers recognised - operational		37 107	82 274	84 124	116 966	101 962	101 962	101 962	101 375	102 694	114 539
Other revenue	2	6 647	13 666	19 343	6 166	8 260	8 260	8 260	9 187	7 806	8 268
Gains on disposal of PPE		391	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		287 110	373 752	424 303	457 949	501 266	501 266	501 266	532 748	565 972	613 056
Expenditure By Type											
Employee related costs	2	100 829	111 342	132 990	145 381	144 806	144 806	144 806	174 076	198 319	213 268
Remuneration of councillors		3 735	4 043	4 701	5 032	5 047	5 047	5 047	5 289	5 620	5 985
Debt impairment	3	10 468	11 650	28 167	15 920	36 289	36 289	36 289	37 192	39 166	41 229
Depreciation & asset impairment	2	25 578	29 396	30 791	22 821	18 555	18 555	18 555	20 326	21 342	22 409
Finance charges		12 792	13 559	13 683	13 837	14 358	14 358	14 358	15 076	16 206	17 503
Bulk purchases	2	64 256	70 626	76 836	79 694	79 694	79 694	79 694	91 012	103 939	118 708
Other materials	8	-	2 548	3 044	3 155	3 680	3 680	3 680	3 503	3 665	3 851
Contracted services		10 999	18 876	19 773	19 573	25 477	25 477	25 477	23 002	19 879	20 204
Transfers and grants		632	2 332	2 438	2 700	4 230	4 230	4 230	4 127	4 133	4 140
Other expenditure	4, 5	78 138	66 943	97 945	152 581	171 984	171 984	171 984	160 506	157 598	168 089
Loss on disposal of PPE		25	-	-	80	80	80	80	83	87	90
Total Expenditure		397 451	351 315	410 368	460 774	504 200	504 200	504 200	534 192	569 955	615 493
Surplus/(Deficit)		(20 341)	22 437	13 935	7 175	(2 935)	(2 935)	(2 935)	(1 443)	(3 983)	(2 437)
Transfers recognised - capital		21 703	22 657	49 960	27 214	39 710	39 710	39 710	45 540	40 369	40 476
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		1 362	45 295	63 896	34 389	36 776	36 776	36 776	44 097	36 386	38 039
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		1 362	45 295	63 896	34 389	36 776	36 776	36 776	44 097	36 386	38 039
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		1 362	45 295	63 896	34 389	36 776	36 776	36 776	44 097	36 386	38 039
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		1 362	45 295	63 896	34 389	36 776	36 776	36 776	44 097	36 386	38 039

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R 532, 7 million in 2015/16 and increases to R 565, 9 million by 2016/17. This represents a year-on-year increase of 6.2% for the 2015/16 financial year and an increase of 8.3% for the 2016/17 financial year.
2. Revenue to be generated from property rates is R108, 5 million in the 2015/16 financial year and increases to R 114, 7 million by 2016/17 which represents 20.3% of the operating revenue base of Bitou Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 6% for each of the respective financial years of the MTREF.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of Bitou Municipality totaling R 271, 0 million for the 2015/16 financial year and increasing to R 296, 0 million by 2016/17. For the 2015/16 financial year services charges amount to 50.8% of the total revenue base.
4. Transfers recognized – operating includes the local government equitable share and other operating grants from national and provincial government. The equitable share increases by 39.9% for the 2015/2016 financial year and by 13.5% and 10.1% for the 2016/2017 and 2017/2018 year respectively.
5. The following graph illustrates the major revenue items per type over the 7 year budget cycle.



6. The following graph illustrates the major expenditure items per type over the 7 year budget cycle.

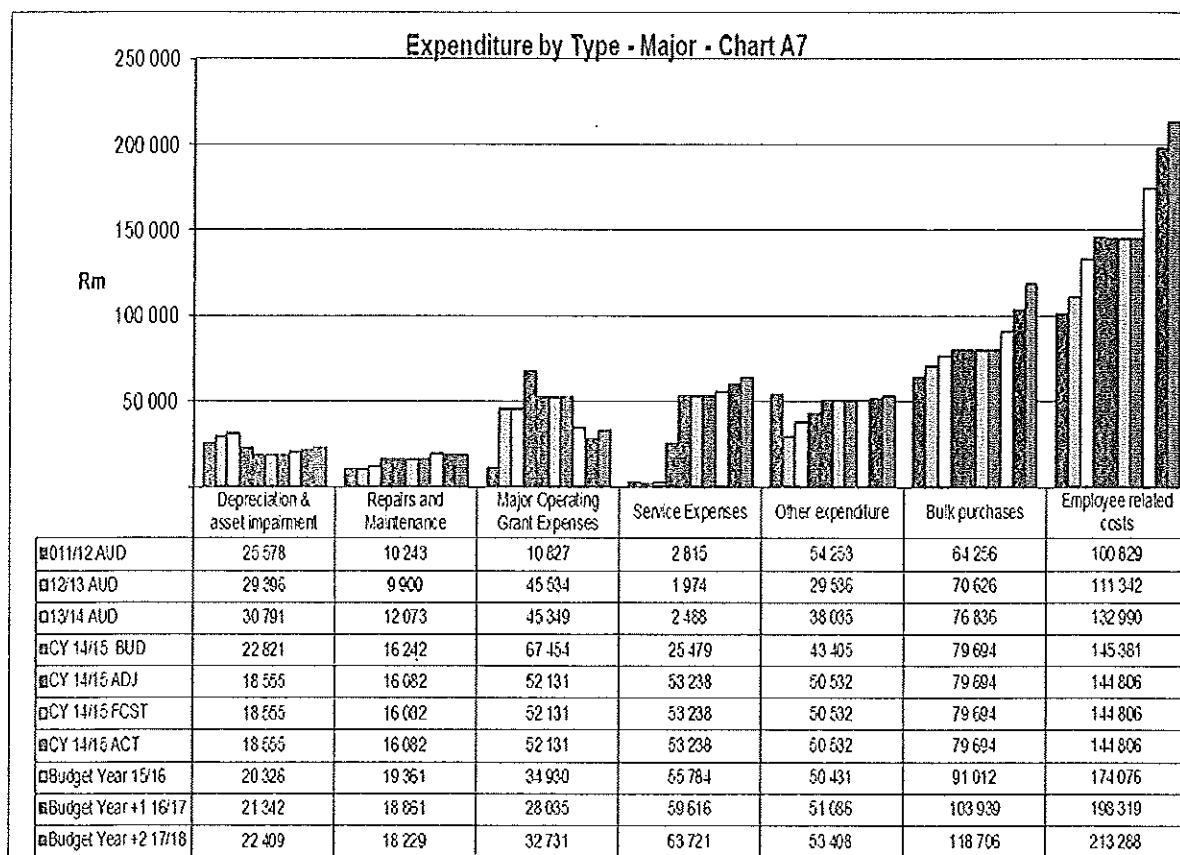


Figure 1 Expenditure by major type

7. Bulk purchases have significantly increased over the 2014/2015 to 2015/2016 period escalating from R 79,6 Million to R 91,0 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom.
8. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 21 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Council		-	-	-	-	-	-	-	-	-	-
Office of the Municipal Manager		-	-	-	-	-	-	-	-	-	-
Community Services		-	351	1 745	6 000	6 235	6 235	6 235	13 199	260	-
Corporate Services		-	-	-	-	-	-	-	-	-	-
Financial Services		-	-	-	1 000	-	-	-	1 000	-	-
Strategic Services		-	-	-	-	-	-	-	-	-	-
Municipal Services and Infrastructure Development		-	8 931	28 910	-	100	100	100	-	877	2 438
Capital multi-year expenditure sub-total	7	-	9 331	30 654	7 000	6 336	6 336	6 336	14 199	1 137	2 438
Single-year expenditure to be appropriated	2										
Council		43	11	-	-	-	-	-	-	-	-
Office of the Municipal Manager		10	-	44	-	367	367	367	310	-	-
Community Services		17 577	334	26 858	4 814	11 972	11 972	11 972	26 299	21 244	24 343
Corporate Services		-	30	248	-	284	-	284	366	-	-
Financial Services		2 414	59	1 508	1 463	1 751	1 751	1 751	2 848	-	-
Strategic Services		38	218	369	-	-	-	-	3 060	-	-
Municipal Services and Infrastructure Development		17 470	30 290	9 663	32 409	41 936	41 936	41 936	42 747	49 338	40 271
Capital single-year expenditure sub-total		37 551	30 942	38 690	38 706	56 309	56 309	56 309	75 671	70 582	64 613
Total Capital Expenditure - Vote		37 551	40 273	69 344	45 706	62 645	62 645	62 645	89 870	71 719	67 051
Capital Expenditure - Standard											
Governance and administration		2 467	306	1 955	2 483	2 401	2 401	2 401	5 880	-	-
Executive and council		53	63	80	-	383	383	383	310	-	-
Budget and treasury office		28	-	597	1 000	-	-	-	1 450	-	-
Corporate services		2 386	242	1 278	1 483	2 018	2 018	2 018	4 100	-	-
Community and public safety		17 366	685	24 895	2 305	7 095	7 095	7 095	13 424	10 002	8 484
Community and social services		9 625	400	1 234	1 005	1 035	1 035	1 035	1 906	500	-
Sport and recreation		2	284	2 729	-	2 225	2 225	2 225	439	3 050	1 754
Public safety		759	-	1 151	1 300	2 835	2 835	2 835	2 700	740	-
Housing		7 000	-	19 781	-	1 000	1 000	1 000	8 379	5 711	6 730
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		7 765	16 002	7 233	8 514	10 916	10 916	10 916	17 323	11 632	15 899
Planning and development		38	12	213	-	-	-	-	264	-	-
Road transport		7 727	15 990	7 019	8 514	10 916	10 916	10 916	17 059	11 632	15 899
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		9 932	23 281	35 461	32 404	42 232	42 232	42 232	51 763	50 085	42 689
Electricity		2 077	2 411	5 372	14 455	15 830	15 830	15 830	20 202	25 386	11 536
Water		7 039	11 568	7 512	5 209	8 074	8 074	8 074	10 568	15 396	18 811
Waste water management		625	9 282	18 689	4 232	9 820	9 820	9 820	9 747	9 303	12 322
Waste management		190	-	3 708	8 509	8 508	8 508	8 508	10 845	-	-
Other		-	-	-	-	-	-	-	1 500	-	-
Total Capital Expenditure - Standard	3	37 551	40 273	69 344	45 706	62 645	62 645	62 645	89 870	71 719	67 051
Funded by:											
National Government		21 741	19 718	14 004	24 223	23 609	23 609	23 609	26 065	24 783	22 982
Provincial Government		5 143	11 846	29 854	1 005	10 523	10 523	10 523	13 892	11 128	12 524
District Municipality		-	-	-	-	1 701	1 701	1 701	1 066	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	26 883	31 565	43 859	25 228	35 833	35 833	35 833	41 013	35 911	35 505
Public contributions & donations	5	-	142	2 309	-	673	673	673	1 316	-	-
Borrowing	6	3 841	8 350	18 054	10 000	10 919	10 919	10 919	21 587	15 879	9 340
Internally generated funds		6 826	216	5 323	10 478	15 219	15 219	15 219	25 554	19 929	22 206
Total Capital Funding	7	37 551	40 273	69 344	45 706	62 645	62 645	62 645	89 870	71 719	67 051

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital program in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations. Multi-year projects are those projects that will not be commissioned at the end of the financial year but will stretch over more than one financial year.
3. Single-year capital expenditure has been appropriated at R 89, 8 million for the 2015/16 financial year and relatively decreases in the 2016/17 financial year at levels of R 71, 7 million and further decrease to R 67, 0 million in the 2017/18 financial year.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of Bitou Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital program is funded from provincial grants and transfers, borrowing and internally generated funds from current year anticipated surpluses. For 2015/16, capital transfers totals R 41, 0 million and decrease to R 35, 9 million by 2016/17. Borrowing has been provided at R 20, 0 million for 2015/16 while internally generated funding totals R 25, 5 million in the 2015/16 financial year.

Table 22 MBRR Table A6 - Budgeted Financial Position

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
ASSETS											
Current assets											
Cash		1 576	31 697	23 412	66 133	5 520	5 520	5 520	35 524	24 221	18 637
Call investment/deposits	1	27 044	10 522	25 765	45 000	56 466	56 466	56 466	27 400	34 800	41 100
Consumer debtors	1	45 735	42 137	41 066	42 389	40 238	40 238	40 238	41 151	53 982	57 125
Other debtors		(40)	6 927	26 829	4 531	28 249	28 249	28 249	30 221	20 600	21 497
Current portion of long-term receivables		78	76	77	60	58	58	58	-	-	-
Inventory	2	2 543	2 877	2 791	3 054	2 791	2 791	2 791	2 791	2 791	2 791
Total current assets		76 935	94 226	119 940	161 167	133 322	133 322	133 322	137 096	136 393	141 150
Non current assets											
Long-term receivables		212	135	58	-	-	-	-	-	-	-
Investments		4 275	4 578	4 880	5 318	5 182	5 182	5 182	-	-	-
Investment property		91 842	88 755	88 753	90 057	88 585	88 585	88 585	88 417	88 248	88 080
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	597 597	612 704	656 592	692 335	699 313	699 313	699 313	768 933	819 509	864 350
Agricultural		-	-	-	-	-	-	-	-	-	-
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		4 768	4 108	296	3 754	833	833	833	925	894	864
Other non-current assets		17	17	17	17	17	17	17	17	17	17
Total non current assets		698 708	710 237	749 595	791 481	793 928	793 928	793 928	858 291	908 668	953 310
TOTAL ASSETS		775 643	804 523	869 535	952 648	927 251	927 251	927 251	995 377	1 045 061	1 094 460
LIABILITIES											
Current liabilities											
Bank overdraft	1	-	-	-	-	-	-	-	-	-	-
Borrowing	4	9 444	11 169	12 212	13 531	13 908	13 908	13 908	14 594	16 264	26 376
Consumer deposits		4 477	5 225	5 534	5 712	5 861	5 861	5 861	6 207	6 574	6 963
Trade and other payables	4	78 785	55 114	44 003	45 399	55 873	55 873	55 873	59 774	58 014	61 440
Provisions		15 605	23 953	19 065	11 051	19 112	19 112	19 112	21 779	24 923	28 254
Total current liabilities		108 311	95 461	80 815	75 693	94 754	94 754	94 754	102 354	105 796	123 033
Non current liabilities											
Borrowing		115 711	116 607	120 545	116 400	116 637	116 637	116 637	124 030	123 624	106 588
Provisions		65 424	60 963	72 788	95 472	83 696	83 696	83 696	92 733	102 995	114 154
Total non current liabilities		181 135	177 569	193 333	211 872	200 333	200 333	200 333	216 762	226 619	220 742
TOTAL LIABILITIES		289 446	273 031	274 148	287 565	295 087	295 087	295 087	319 117	332 415	343 775
NET ASSETS	5	486 197	531 492	595 388	665 083	632 164	632 164	632 164	676 260	712 646	750 685
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		486 197	526 492	587 888	656 083	612 264	612 264	612 264	648 880	677 846	709 585
Reserves	4	-	5 000	7 500	9 000	19 900	19 900	19 900	27 400	34 800	41 100
Minorities' interests		-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	486 197	531 492	595 388	665 083	632 164	632 164	632 164	676 260	712 646	750 685

Explanatory notes to Table A6 - Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).

2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table of notes (Table SA3) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 23 MBRR Table A7 - Budgeted Cash Flow Statement

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		65 094	76 342	88 591	101 543	97 559	97 559	97 559	103 413	109 307	115 866
Service charges		160 661	163 106	174 969	202 438	236 525	236 525	236 525	257 537	281 251	307 112
Other revenue		13 008	21 035	15 293	13 915	19 537	19 537	19 537	21 139	20 367	21 526
Government - operating	1	38 767	70 291	86 613	116 966	101 962	101 962	101 962	101 375	102 694	114 539
Government - capital	1	26 697	29 236	35 712	27 214	39 710	39 710	39 710	45 540	40 369	40 476
Interest		4 775	6 383	7 006	2 600	6 337	6 337	6 337	7 062	7 409	6 110
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(267 974)	(298 994)	(320 295)	(365 668)	(407 694)	(407 694)	(407 694)	(440 607)	(474 543)	(510 264)
Finance charges		(12 792)	(13 864)	(13 683)	(13 837)	(14 358)	(14 358)	(14 358)	(15 076)	(16 206)	(17 503)
Transfers and Grants	1	(632)	(2 332)	(2 438)	(2 700)	(4 230)	(4 230)	(4 230)	(4 127)	(4 133)	(4 140)
NET CASH FROM/(USED) OPERATING ACTIVITIES		27 604	51 203	71 769	82 470	75 347	75 347	75 347	76 258	66 515	73 722
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		391	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		77	78	76	-	58	58	58	-	-	-
Decrease (increase) in non-current investments		(303)	(302)	(302)	(350)	(302)	(302)	(302)	5 182	-	-
Payments											
Capital assets		(35 684)	(40 758)	(69 865)	(44 627)	(60 409)	(60 409)	(60 409)	(88 926)	(72 069)	(66 450)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(35 520)	(40 983)	(70 091)	(44 977)	(60 653)	(60 653)	(60 653)	(83 744)	(72 069)	(66 450)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		30 330	13 795	16 720	10 000	10 000	10 000	10 000	21 987	15 879	9 340
Increase (decrease) in consumer deposits		195	748	309	246	327	327	327	346	367	388
Payments											
Repayment of borrowing		(10 674)	(11 175)	(11 738)	(13 531)	(12 212)	(12 212)	(12 212)	(13 908)	(14 594)	(16 284)
NET CASH FROM/(USED) FINANCING ACTIVITIES		19 852	3 369	5 291	(3 285)	(1 885)	(1 885)	(1 885)	8 425	1 651	(6 555)
NET INCREASE/ (DECREASE) IN CASH HELD		11 936	13 589	6 969	34 209	12 809	12 809	12 809	938	(3 903)	717
Cash/cash equivalents at the year begin:	2	16 684	28 620	42 208	76 924	49 177	49 177	49 177	61 986	62 924	59 021
Cash/cash equivalents at the year end:	2	28 620	42 208	49 177	111 133	61 986	61 986	61 986	62 924	59 021	59 737

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The cash levels of Bitou Municipality are gradually improving with an increase in cash and cash equivalents for the 2014/15 financial period, anticipated to increase in the 2015/16 financial year improving over the MTREF.

4. A cash surplus is expected over the MTREF indicating that the budget is cash backed in respect of cash in and out flows.

Table 24 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	28 620	42 208	49 177	111 133	61 986	61 986	61 986	62 924	59 021	59 737
Other current investments > 90 days		-	-	0	-	-	-	-	-	-	-
Non current assets - investments	1	4 275	4 578	4 880	5 318	5 182	5 182	5 182	-	-	-
Cash and investments available:		32 895	46 786	54 057	116 451	67 168	67 168	67 168	62 924	59 021	59 737
Application of cash and investments											
Unspent conditional transfers		40 915	21 860	518	8 330	-	-	-	-	-	-
Unspent borrowing		-	-	2 907	-	1 987	1 987	1 987	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	(11 300)	(11 147)	(12 775)	(5 750)	(5 379)	(5 379)	(5 379)	(4 048)	(8 755)	(9 297)
Other provisions		-	-	-	59 415	-	-	-	-	-	-
Long term investments committed	4	4 275	4 578	4 880	5 318	5 182	5 182	5 182	-	-	-
Reserves to be backed by cash/investments	5	-	5 000	7 500	9 000	19 900	19 900	19 900	27 400	34 800	41 100
Total Application of cash and investments:		33 890	20 290	3 030	76 313	21 690	21 690	21 690	23 352	26 045	31 803
Surplus(shortfall)		(995)	26 496	51 027	40 138	45 478	45 478	45 478	39 572	32 975	27 934

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. There is compliance with section 18 of the MFMA because the budget is funded and there is no shortfall.
5. From the table it can be seen that for the financial period 2011/12 a shortfall is reflected, it has however improved over the MTREF indicating a recovery.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that from the 2015/16 MTREF the budget is funded.

Table 25 MBRR Table A9 - Asset Management

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	37 551	27 757	39 445	38 182	51 128	51 128	78 457	64 013	61 289
Infrastructure - Road transport		7 724	5 506	4 288	-	4 504	4 504	8 149	8 076	10 050
Infrastructure - Electricity		1 509	2 736	151	11 160	11 461	11 461	18 202	25 086	11 236
Infrastructure - Water		5 392	7 634	5 863	5 719	7 608	7 608	11 215	14 076	17 841
Infrastructure - Sanitation		197	4 261	373	1 000	4 887	4 887	8 261	9 013	11 992
Infrastructure - Other		190	6 700	19 467	16 790	16 248	16 248	9 576	-	-
Infrastructure		15 012	26 837	30 142	34 669	44 708	44 708	55 404	56 252	51 119
Community		16 882	557	928	600	782	782	1 831	1 170	670
Other assets	6	5 658	364	8 375	2 898	5 071	5 071	21 098	6 591	9 500
Intangibles		-	-	-	15	566	566	124	-	-
Total Renewal of Existing Assets	2	-	12 516	30 100	7 524	11 516	11 516	11 413	7 707	5 763
Infrastructure - Road transport		-	10 457	1 960	233	372	372	5 486	3 426	3 308
Infrastructure - Electricity		-	219	2 087	2 745	3 604	3 604	2 000	-	-
Infrastructure - Water		-	-	861	400	400	400	400	900	700
Infrastructure - Sanitation		-	1 698	18 447	3 232	3 232	3 232	-	-	-
Infrastructure		-	12 374	23 356	6 609	7 607	7 607	8 000	4 326	4 008
Community		-	-	2 360	-	2 222	2 222	439	2 642	1 754
Other assets	6	-	142	4 384	915	1 687	1 687	2 974	738	-
Total Capital Expenditure	4	7 724	15 963	6 248	233	4 876	4 876	13 635	11 502	13 359
Infrastructure - Road transport		1 569	2 955	2 239	13 905	15 065	15 065	20 202	25 086	11 236
Infrastructure - Electricity		5 392	7 634	6 724	6 119	8 008	8 008	11 615	14 976	18 541
Infrastructure - Water		197	5 959	18 821	4 232	8 119	8 119	8 261	9 013	11 992
Infrastructure - Sanitation		190	6 700	19 467	16 790	16 248	16 248	9 691	-	-
Infrastructure - Other		15 012	39 210	53 498	41 278	52 315	52 315	63 404	60 578	55 127
Infrastructure		16 882	557	3 288	600	3 005	3 005	2 270	3 812	2 424
Community		5 658	506	12 759	3 813	6 758	6 758	24 072	7 329	9 500
Other assets		-	-	-	15	566	566	124	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	37 551	40 273	69 544	45 706	62 645	62 645	89 870	71 719	67 051
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Infrastructure - Road transport		88 834	98 804	98 651	100 987	99 826	99 826	109 478	116 835	125 602
Infrastructure - Electricity		57 519	64 120	59 930	84 163	72 721	72 721	90 183	112 004	119 763
Infrastructure - Water		129 722	132 451	138 289	135 529	141 242	141 242	147 592	157 092	169 810
Infrastructure - Sanitation		52 689	60 439	77 451	71 119	82 607	82 607	87 746	93 508	102 022
Infrastructure - Other		295	428	24 307	28 458	39 531	39 531	47 973	45 760	45 588
Infrastructure		329 259	356 243	398 628	420 256	435 927	435 927	482 973	526 199	562 965
Community		31 881	30 731	32 334	32 603	34 096	34 096	35 087	37 564	38 619
Heritage assets		17	17	17	17	17	17	17	17	17
Investment properties		91 842	88 755	88 753	90 057	88 585	88 585	88 417	88 248	88 080
Other assets		236 457	225 730	224 630	239 477	229 290	229 290	250 873	255 746	262 766
Intangibles		4 766	4 108	296	3 754	833	833	925	894	864
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	694 221	705 584	744 657	786 163	788 746	788 746	858 291	908 668	953 310
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		25 578	29 396	30 791	22 821	18 555	18 555	20 326	21 342	22 409
Repairs and Maintenance by Asset Class	3	10 243	9 900	12 073	16 242	16 082	16 082	19 361	18 651	18 229
Infrastructure - Road transport		1 793	1 659	3 144	2 485	2 465	2 465	3 667	3 693	3 726
Infrastructure - Electricity		1 688	1 540	2 022	2 874	1 932	1 932	2 445	2 543	2 645
Infrastructure - Water		31	134	255	722	692	692	801	833	866
Infrastructure - Sanitation		959	1 257	983	2 828	2 560	2 560	2 037	2 123	2 213
Infrastructure - Other		881	623	523	690	-	-	718	746	-
Infrastructure		5 352	5 213	6 927	9 598	7 648	7 648	9 667	9 938	9 449
Community		2 097	1 846	1 958	1 832	2 040	2 040	4 029	3 525	3 094
Other assets	6, 7	2 794	2 841	3 189	4 812	6 393	6 393	5 665	5 398	5 686
TOTAL EXPENDITURE OTHER ITEMS		35 821	39 296	42 865	39 063	34 637	34 637	39 687	40 203	40 638
Renewal of Existing Assets as % of total capex		0.0%	31.1%	43.3%	16.5%	18.4%	18.4%	12.7%	10.7%	8.6%
Renewal of Existing Assets as % of deprecn"		0.0%	42.6%	97.6%	33.0%	62.1%	62.1%	56.2%	36.1%	25.7%
R&M as a % of PPE		1.7%	1.6%	1.6%	2.3%	2.3%	2.3%	2.5%	2.1%	2.1%
Renewal and R&M as a % of PPE		1.0%	3.0%	6.0%	3.0%	3.0%	3.0%	4.0%	3.0%	3.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40% of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8% of PPE. The Municipality does not meet these recommendations.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights Bitou Municipality's strategy to address the maintenance backlog.

Figure 2 Depreciation in relation to repairs and maintenance over the MTREF

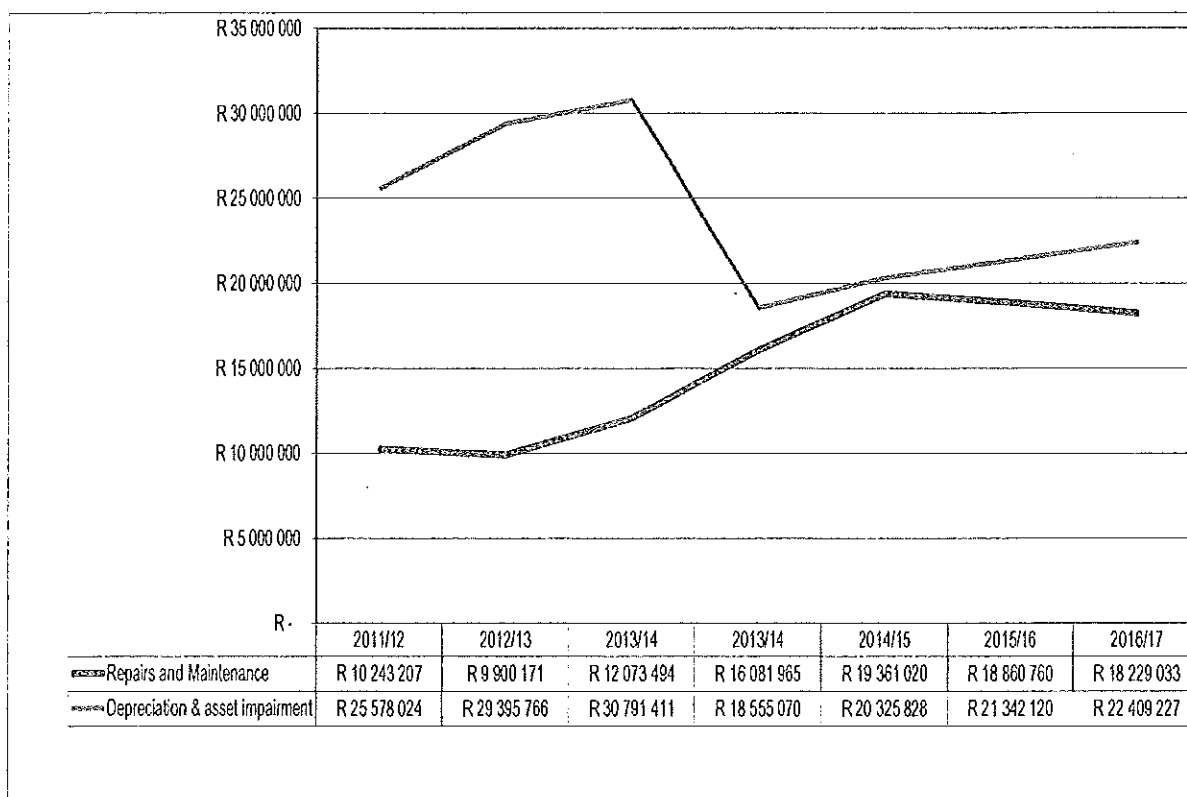


Table 26 MBRR Table A10 - Basic Service Delivery Measurement

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Household service targets	1									
Water:										
Piped water inside dwelling		13 103	10 323	10 873	11 543	11 543	11 543	12 243	12 943	13 643
Piped water inside yard (but not in dwelling)		6 000	6 459	6 782	7 121	7 121	7 121	7 477	7 833	8 19
Using public tap (at least min.service level)	2	1 035	298	398	448	448	448	518	568	658
Other water supply (at least min.service level)	4	—	1 220	1 281	1 345	1 345	1 345	1 412	1 479	1 550
Minimum Service Level and Above sub-total		20 138	18 300	19 334	20 457	20 457	20 457	21 650	22 843	16 670
Using public tap (< min.service level)	3	—	—	—	—	—	—	—	—	—
Other water supply (< min.service level)	4	171	183	192	202	202	202	212	200	190
No water supply		—	—	—	—	—	—	—	—	—
Below Minimum Service Level sub-total		171	183	192	202	202	202	212	200	190
Total number of households	5	20 309	18 483	19 526	20 659	20 659	20 659	21 862	23 043	16 860
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		13 727	16 802	17 449	17 789	17 789	17 789	18 099	18 399	18 700
Flush toilet (with septic tank)		372	—	—	—	—	—	—	—	—
Chemical toilet		4	—	—	—	—	—	—	—	—
Pit toilet (ventilated)		474	1 104	457	107	107	107	—	—	—
Other toilet provisions (> min.service level)		801	—	—	—	—	—	—	—	—
Minimum Service Level and Above sub-total		15 378	17 906	17 906	17 906	17 906	17 906	18 099	18 399	18 700
Bucket toilet		192	205	204	116	116	116	59	—	—
Other toilet provisions (< min.service level)		348	372	222	122	122	122	72	22	—
No toilet provisions		173	—	—	—	—	—	—	—	—
Below Minimum Service Level sub-total		713	578	427	239	239	239	132	22	—
Total number of households	5	16 091	18 484	18 333	18 145	18 145	18 145	18 231	18 421	18 700
Energy:										
Electricity (at least min.service level)		4 866	1 665	1 965	2 315	2 315	2 315	2 815	3 315	3 800
Electricity - prepaid (min.service level)		4 777	12 775	13 275	14 025	14 025	14 025	14 875	15 725	16 600
Minimum Service Level and Above sub-total		9 643	14 440	15 240	16 340	16 340	16 340	17 690	19 040	20 400
Other energy sources		644	4 043	4 245	4 457	4 457	4 457	4 680	4 896	5 100
Below Minimum Service Level sub-total		644	4 043	4 245	4 457	4 457	4 457	4 680	4 896	5 100
Total number of households	5	10 287	18 483	19 485	20 797	20 797	20 797	22 370	23 936	25 500
Refuse:										
Removed at least once a week		15 186	18 277	18 827	19 707	19 707	19 707	20 707	21 627	22 600
Minimum Service Level and Above sub-total		15 186	18 277	18 827	19 707	19 707	19 707	20 707	21 627	22 600
Removed less frequently than once a week		140	150	210	265	265	265	353	419	419
Using communal refuse dump		0	0	0	0	0	0	1	—	—
Using own refuse dump		44	48	50	52	52	52	55	50	50
No rubbish disposal		7	8	6	6	8	6	7	—	—
Below Minimum Service Level sub-total		193	206	267	324	324	324	415	469	469
Total number of households	5	15 379	18 483	19 093	20 031	20 031	20 031	21 122	22 096	23 069
Households receiving Free Basic Service	7									
Water (6 kℓ/litres per household per month)		6 583	5 443	6 003	6 703	5 800	5 800	5 950	8 205	6 400
Sanitation (free minimum level service)		2 233	2 278	2 778	3 478	3 701	3 701	3 950	4 200	4 400
Electricity/other energy (50kwh per household per month)		4 452	6 170	6 370	6 570	6 411	6 411	6 621	6 822	7 176
Refuse (removed at least once a week)		2 233	2 278	2 728	3 078	3 701	3 701	3 950	4 200	4 400
Cost of Free Basic Services provided (R'000)	8									
Water (6 kℓ/litres per household per month)		1 886	1 692	1 693	1 694	1 694	1 772	1 935	2 148	2 355
Sanitation (free sanitation service)		1 676	3 110	3 111	3 266	3 266	5 566	6 343	7 203	8 059
Electricity/other energy (50kwh per household per month)		2 958	2 125	2 126	2 232	2 232	2 104	2 311	2 683	3 181
Refuse (removed once a week)		1 404	4 169	4 170	4 378	4 378	4 433	5 087	5 815	6 549
Total cost of FBS provided (minimum social package)		8 023	11 096	11 099	11 571	11 571	13 874	15 676	17 847	20 144
Highest level of free service provided										
Property rates (R value threshold)		330 000	350 000	350 000	350 000	350 000	350 000	350 000	350 000	350 000
Water (kℓ/litres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (Rand per household per month)		251	291	310	325	325	325	347	371	396
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		240	240	240	240	240	240	240	240	240
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)		636	109	109	205	205	205	218	231	245
Property rates (other exemptions, reductions and rebates)		3 082	6 725	6 725	9 330	1 678	1 678	1 778	1 885	1 998
Water		2 013	2 107	2 107	3 798	2 593	2 593	2 832	3 141	3 447
Sanitation		2 623	2 782	2 782	3 101	14 449	14 449	16 468	18 698	20 922
Electricity/other energy		1 943	2 114	2 114	2 457	2 644	2 644	2 904	3 372	3 997
Refuse		2 157	2 304	2 304	2 599	8 020	8 020	9 204	10 521	11 849
Total revenue cost of free services provided (total social package)		12 454	16 142	16 142	21 491	29 589	29 588	33 403	37 848	42 458

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

2.1.1 Political overview of the budget process

Section 53 of the MFMA stipulates that the Mayor should exercise general political guidance over the budgeting process and must direct the completion of the budget.

2.1.2 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year, a time schedule that sets out the process to revise the IDP and prepare the budget.

The required IDP and budget time schedule was tabled in Council on 08 October 2014, this due to court cases that cause council not to sit. The proposed programs in accordance with the plan did continue and the necessary meetings were held. Key dates applicable to the process were:

2.1.3 Ward Committee Meetings

Sessions held were with ward committee members. The purpose of these sessions was to give ward committees an opportunity to prioritize their ward issues, give cost estimates and prepare priorities for better alignment with the budget.

2.1.4 First round of Meetings

Ward	Date	Venue	Outcomes
1	October 2014	Kurland Community Hall	Revised list of ward development priorities
2	October 2014	Council offices at 19 Sea Witch	A revised list of priorities was submitted
3	October 2014	Bicycle Shed Community Hall	An updated list of priorities was submitted
4	October 2014	New Horizon Community Hall	Meeting never materialized due to non-attendance
5	October 2014	Kwa-Nokuthula Community Hall	A revised list of priorities was submitted
6	October 2014	Kwa-Nokuthula Community Hall	A revised list of priorities was submitted
7	October 2014	Kranshoek Multipurpose	A revised list of priorities was submitted

2.1.5 Second round of meetings

During the Month of April 2015 Public Meetings were held in all ward inclusive of outlying areas like Harkeville. In these meetings, communities were afforded an opportunity to comment on the draft IDP and Budget.

Ward	Date	Venue
1	April 2015	Green Valley Community Hall
2	April 2015	Piesang Community Hall
3	April 2015	Bicycle Shed Community Hall
4	April 2015	New Horizon Community Hall
5	April 2015	Kwa-Nokuthula Community 2\Hall
6	April 2015	Kwa-Nokuthula Community Hall
7	April 2015	Kranshoek Multipurpose
		Harkeville

2.1.6 IDP Forum

Two IDP forum meetings were held to give the non-governmental sector an opportunity to comment and make inputs into the IDP.

Date	Venue	POE
29/10/2013	Piesang Valley Community Hall	Attendance Register
24/02/2014	Piesang Valley Community Hall	Attendance Register

2.1.7 Public Notices and Community Consultation

A public notice was placed into the local newspaper as per the requirement of Section 21 of the Municipal Systems Act in which an announcement was made about the availability of the draft IDP and Budget for viewing and comments at Municipal Offices and Libraries. The closing date for comments was 08 May 2015. It is a legislative requirement that Council respond to the comments and or objections raised by the public.

The input received from the local community and any other issue raised in the different wards have been consolidated and attached as Annexure I in this final budget as tabled on 27 May 2015. Other comments and input were received from Provincial treasury where the Municipality is also required to respond on the matters raised. Responses to LGMTEC engagement with the provincial treasury are contained in Annexure H.

2.1.8 IDP and Service Delivery and Budget Implementation Plan

The 2015/2016 and MTREF is the third review of the third IDP Cycle and the consultation process commenced after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2015/16 MTREF in August 2014.

Bitou Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan includes the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;

- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2015/16 MTREF, based on the approved 2014/15 MTREF, Mid-year Review and latest adjustments budget. The planning process has subsequently been adjusted after considering the revised revenue projections and expenditure patterns contained in the latest approved adjustments budget.

With the compilation of the 2015/16 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year performance and April month performance report against the 2014/15 latest adjusted budget.

2.1.9 Financial Modeling and Key Planning Drivers

As part of the compilation of the 2015/16 MTREF, extensive financial analysis was undertaken for a variety of expenditure items and categories to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2015/16 MTREF:

- Growth in the Local Economy
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns as evident from Census 2011)
- Performance trends
- The latest approved 2014/15 adjustments budget and Year to Date performance
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the contents of the National Treasury's MFMA previous budget related Circulars and recent ones being Circular 74 and 75 have been taken into account in the planning and prioritisation process.

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society as highlighted in the National Development Plan can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform. An IDP is therefore a key instrument which municipalities use to provide vision,

leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

This is the third review of the third IDP cycle of 5 years and it is of essence that all stakeholders actively participate in the IDP process in order to ensure appropriate priorities are linked to scarce funding sources.

One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and Bitou Municipality's response to these requirements. The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- The National Development Plan
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- National Key Performance Indicators (NKPis);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and

Table 27 IDP Strategic Objectives

2015/16 MTREF	
1.	To ensure efficient and affordable basic services to all residents of Bitou
2.	To strengthen the economy of Bitou for sustainable growth and job creation
3.	To develop a municipal governance system that complies with international best practice
4.	Create an institution that can align planning with implementation for effective and efficient service delivery
5.	To be a financially viable institution geared to provide affordable and sustainable services to the clientele of Bitou municipality

In order to ensure integrated and focused service delivery between all spheres of government it was important for Bitou Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:

- Provide electricity;
 - Provide water;
 - Provide sanitation;
 - Provide waste removal;
 - Provide housing;
 - Provide roads and storm water;
 - Provide public transport;
 - Provide city planning services; and
 - Maintaining the infrastructure of Bitou Municipality.
2. Economic growth and development that leads to sustainable job creation by:
- Ensuring there is spatial development framework for Bitou Municipality;
 - Ensuring planning processes function in accordance with set timeframes;
 - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
- Effective implementation of the Indigent Policy;
 - Extending waste removal services and ensuring an effective cleansing service;
 - Ensuring all waste water treatment works are operating optimally and retaining green drop status;
 - Creating a safe environment for our communities in collaboration with the SAPS;
 - Ensuring safe working environments by effective enforcement of building and health regulations;
 - Promote viable, sustainable communities through proper zoning; and
 - Promote environmental sustainability by protecting wetlands, the seashore and key public open spaces.
- 3.2 Integrated Social Services for empowered and sustainable communities
- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly coordinated.
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
- Optimizing effective community participation in the ward committee system; and
 - Implementing Batho Pele in the revenue management strategy.
- 5.1 Promote sound transparent and accountable governance through:
- Publishing the outcomes of all tender processes on the municipal website
 - Establishing a well-functioning audit- and oversight committee and MPAC
- 5.2 Ensure financial sustainability through:
- Carefully evaluating all spending decisions
 - Limiting the use of consultants and reviewing the use of contracted services
 - Ensuring value for money spending in all procurement processes.
 - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
- Implementation of the revised organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for Bitou Municipality. The five-year programme responds to the development challenges and opportunities faced by the municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, Bitou Municipality is undertaking an extensive planning and developmental strategy that will primarily focus on a longer-term horizon; 10 to 15 years. This process is necessary to influence the future development path and to set clear goals for the future development within the municipal area. The strategy will target future developmental opportunities in traditional dormitory settlements. It should provide direction to Bitou Municipality's IDP, associated sectorial plans and strategies, and the allocation of resources from the municipality and other service delivery partners. A step in the right direction has been taken by developing a long term financial plan which not only takes into account financial analysis but broader analysis which includes condition of the infrastructure, social and economic trends.

The 2015/16 MTREF has therefore been directly informed by the IDP process and the following tables provide reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 28 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	Goal Code	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
R thousand													
Basic services and infrastructure development					199 810	264 782	331 474	348 658	403 337	403 337	425 113	445 430	481 510
Local Economic Development					14 845	5 503	1 300	1 452	1 265	1 265	1 323	1 401	1 484
Good Governance and Transformation					23 001	34 719	42 454	25 035	20 345	20 345	27 329	28 684	31 581
Institutional Development					1 312	7 365	2 535	4 265	7 742	7 742	7 692	6 940	7 393
Financial viability					69 845	84 240	96 501	115 753	108 287	108 287	116 831	123 886	131 565
Allocations to other priorities				2									
Total Revenue (excluding capital transfers and contribu				1	308 813	396 610	474 264	495 163	540 976	540 976	578 268	606 340	653 532

Table 49 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	Goal Code	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand												
Basic services and infrastructure development				194 434	234 835	285 983	321 134	365 297	365 297	379 141	405 521	442 126
Local Economic Development				14 771	17 374	20 513	11 667	12 750	12 750	17 196	20 418	21 317
Good Governance and Transformation				62 051	55 642	50 180	41 345	46 094	46 094	47 412	51 350	54 612
Institutional Development				23 915	29 808	32 060	30 444	30 302	30 302	32 679	32 734	34 588
Financial viability				12 279	13 655	21 662	55 983	49 758	49 758	57 764	59 931	62 879
Total Expenditure			1	307 451	351 315	410 368	460 774	504 200	504 200	534 192	569 955	615 493

Table 30 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	Goal Code	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand												
Basic services and infrastructure development		A		35 082	39 955	66 774	43 223	59 823	59 823	81 946	71 419	67 051
Local Economic Development		B		2	12	543	-	-	-	1 764	300	-
Good Governance and Transformation		C		-	236	697	-	1 069	1 069	2 202	-	-
Institutional Development		D		53	11	23	-	2	2	110	-	-
Financial viability		E		2 414	59	1 508	2 483	1 751	1 751	3 848	-	-
Allocations to other priorities			3									
Total Capital Expenditure			1	37 551	40 273	69 544	45 706	62 645	62 645	89 870	71 719	67 051

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, Bitou Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

In addition National Treasury Circular 75 requires Municipalities to table with the budget standard service level; this is attached as Annexure G. It is the intention to measure performance of Municipalities to what they have committed to do for the communities. At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

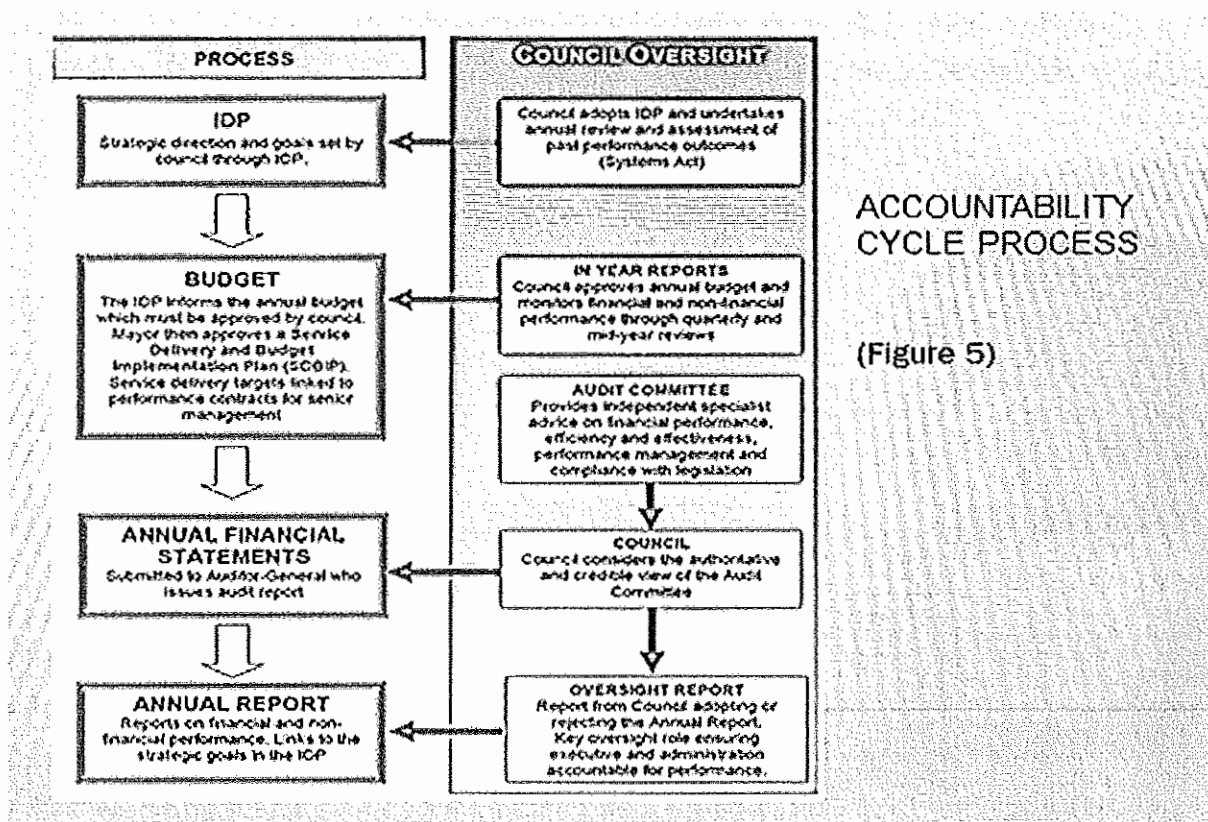


Figure 3 Planning, budgeting and reporting cycle

The performance of Bitou Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. Bitou Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by Bitou Municipality in its integrated performance management system are aligned to the *Framework of Managing Programme Performance Information* issued by the National Treasury:

The following table provides some of the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 315 MBRR Table SA7 - Measurable performance objectives

WC047 Bitou - Supporting Table SA7 Measurable performance objectives										
Description	Unit of measurement	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Vote 1 - MSID										
Function 1 - Sanitation Users										
Sub-function 1 - Sanitation										
Provide sanitation services during 2014/2015 to properties which are connected to the municipal waste water (sanitation/sewerage) network & are billed for sewerage service, irrespective of the number of water closets (toilets)	Number of residential properties which are billed for sewerage in accordance with the financial system at 30/06/2015	13 103	14 105	14 328	8 508 772	8 508 358	8 508 358	7 766 680	8 195 366	11 396 579
Sub-function 2 - Water										
Provide piped water during 2014/2015 to properties which are connected to the municipal water infrastructure network and billed for the service	Number of properties that receive piped water (credit and prepaid water) as per the FMS at 30/06/2015	14 144	14 513	14 800	4 231 578	9 819 772	9 819 772	11 734 851	15 629 668	17 679 421
Sub-function 3 - Electrical										
Provide electricity during 2014/2015 to properties connected to the municipal electrical infrastructure network for both credit and prepaid electrical metering	Number of properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering as per the FMS at 30/06/2015)	8 733	10 374	15 653	14 454 788	14 298 744	14 298 744	18 202 436	25 386 480	11 535 965
Function 2 - EPWP										
Sub-function 1 - (name)										
Number of EPWP job opportunities created for youth and women	EFTs to be created									
Sub-function 2 - Water Losses										
Limit technical water losses during 2014/2015 to (not more than) 15% ((Number of Kilo litres Water Purchased or Purified - Number of Kilo litres Water Sold) / Number of Kilo litres Water Purchased or Purified × 100)	% water losses calculated at 30/06/2015	16,13%	17,0%							
Sub-function 3 - Electricity Losses										
Limit electricity losses to 15% ((Number of Electricity Units Purchased and/or Generated - Number of Electricity Units Sold) / Number of Electricity Units Purchased and/or Generated) × 100) calculated at 30/06/2015	% total electricity losses calculated at 30/06/2015		11,6%	17,6%						
Vote 2 - Roads										
Function 1 - Roads										
Sub-function 1 - Roads										
Kilometres of roads ressealed by 30 June	Kilometres of roads ressealed							10 050 608	40 706 294	183 290 596
Vote 3 - Municipal Manager										
Function 1 - Municipal Manager										
Sub-function 1 - Municipal Manager										
The percentage of 65% of the municipal capital budget actually spent on capital projects identified in terms of the IDP	Actual amount spent on capital projects/Total amount budgeted for capital projects x 100 at 30/06/2015	New Performance Indicator	New Performance Indicator	98 0%	65 0%	65 0%	65 0%	65 0%	65 0%	65 0%
Oversight of the annual report completed by March	Oversight report submitted	1	1	1	1	1	1	1	1	1
Sub-function 2 - Municipal Manager										
Formally evaluate the performance of s56 and 57 managers in February and September	Number of evaluations		0	2	2	2	2	2	2	2
Sub-function 3 - Performance Management										
Submit the Mid-Year Performance Report in terms of sec72 of the MFMA to the Mayor by 25 January	Submitted by the 25th of January		100 0%	100 0%	100 0%	100 0%	100 0%	100 0%	100 0%	100 0%

WC047 Bitou - Supporting Table SA7 Measureable performance objectives										
Description	Unit of measurement	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Internal Audit and Risk Management										
Report quarterly to the Audit Committee on the monitoring and evaluation of the risk system and the maintenance of the risk register	Number of reports submitted to the Audit Committee		7	1	4	4	4	4	4	4
Coordinate the quarterly meetings of the audit committee	No of meetings held	New PI	New PI	5	4	4	4	4	4	4
Complete the annual risk assessment and submit to the audit committee by end September	Risk assessment submitted to the audit committee by end September	New PI	New PI	1	1	1	1	1	1	1
Complete and submit the Risk Based Audit Plan (RBAP) for the 2014/2015 financial year to the Audit committee by 30 November 2014	A Risk Based Audit Plan for the 2014/2015 financial year compiled and submitted to the Audit Committee by 30 November 2014	New PI	New PI	1	1	1	1	1	1	1
Vote 1 - Corporate Services										
Function 1 Human Resources										
Sub-function 1 - Funded Posts Filled										
to limit vacancy rate to 10% of budgeted posts (number of actual posts filled divided by budgeted funded posts) x 100	(number of posts filled divided by budgeted posts) x 100	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Sub-function 2 - Employment Equity										
90% of the employment equity target met for the three highest levels of management in compliance with a municipality's approved employment equity plan	percentage management in compliance with our equity plan of people employed in the three highest level of	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Sub-function 3 - Skills Development										
0.01% of operational budget spend on training	spent 0.01% of operational budget on training	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
VOTE 4 COMMUNITY SERVICES										
BASIC SERVICE										
WASTE MANAGEMENT REFUSE COLLECTION										
Number of residential properties receiving once a week door to door collection service	Number of households		15188							
WASTE MANAGEMENT										
Provide recycling collection service to the residents within the Municipal Area (weekly) Waste Minimization	Number of Collections provided per week	1	1	1						
Transport domestic refuse daily to Petros in Mosselbay (Monday to Friday) plus Manage temporary facility to prescribed specifications	Number of bins transported per day			55						
External audit report presented - landfill site in accordance to permit conditions	Number of reports	1	1	1						
Vote 5 - Financial Services										
Function 1 - Basic Services										
Sub-function 1 - Free Basic Electricity										
Provide subsidies for free basic electricity to indigent and sub-economic households	Number of indigent and sub-economic households receiving the subsidy	6051	6376	6650	6703	6703	6703	6703	6703	6703

WC047 Bitou - Supporting Table SA7 Measureable performance objectives										
Description	Unit of measurement	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Sub-function 2 - Free Basic Water										
Provide subsidies for free basic water to indigent and sub-economic households indigent and sub-economic households	Number of indigent and subeconomic households receiving the subsidy	5441	5468	5702	6104	6104	6104	6104	6104	6104
Sub-function 3 - Free Basic sanitation										
Provide subsidies for free basic sanitation to indigent and sub-economic households indigent and sub-economic households	Number of indigent and subeconomic households receiving the subsidy	1838	2472	3194	3710	3710	3710	3710	3710	3710
Sub-function 4 - Free Basic Refuse										
Provide subsidies for free basic refuse to indigent and sub-economic households indigent and sub-economic households	Number of indigent and subeconomic households receiving the subsidy	1688	2472	3194	3710	3710	3710	3710	3710	3710
VOTE 6 Strategic Services										
PHS/SDBIP										
Mid-Year Performance Report										
Prepare the mid year performance report in terms of sec72 of the MFMA and submit to the Mayor by the 25th of January	Report submitted	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Annual Report										
Publish and distribute the draft annual Report after approval by council	Publish draft annual report within 14 days from adoption	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Prepare the draft annual report and submit to Council before the end of January annually	Draft annual report submitted to Council	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Performance Agreements										
Co-ordinate the finalisation of annual performance agreements of Municipal Manager and section 57 managers	No of performance agreements signed by 30 July	6	6	6	6	6	6	6	6	6
Building Control										
Building Control										
Percentage of consideration (decisions) on building plans applications within 60 days after receipt of all outstanding information	(Actual applications approved within 60 days/actual applications received)x 100	Amended Performance Indicator	Amended Performance Indicator	72.31%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Integrated Development Planning										
Compile and submit to council for approval the IDP/Budget process plan by end August	Process plan submitted to council by end August	1	1	1	1	1	1	1	1	1
Process plan submitted to council by end August										
Establish an IDP forum by end October	Forum established by end October	1	1	1	1	1	1	1	1	1
Facilitate the regular meeting of the IDP Forum (externals)	Number of meetings	2	2	2	2	2	2	2	2	2
Prepare the draft IDP review and submit to Council before the end of March annually	Draft IDP review submitted to Council	1	1	1	1	1	1	1	1	1
Town Planning										
Percentage of consideration (decisions) on land use applications in keeping with statutory provisions	(Actual applications approved in keeping with statutory provisions/actual applications received)x 100	Amended Performance Indicator	Amended Performance Indicator	80.2%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Local Economic Development and Tourism										
Prepare and submit funding proposals to potential funders to fund LED projects	Number of proposals submitted	3	4	6	3	3	3	3	3	3

WC047 Bitou - Supporting Table SA7 Measureable performance objectives										
Description	Unit of measurement	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Initiate, facilitate and coordinate the implementation of LED strategies by the end of June annually	Number of projects Initiated	Amended PI	0	6	3	3	3	3	3	3
Develop a SDF Implementation plan and submit to Council by 30 September	Implementation plan submitted to Council by 30 September	f	f	f	f	f	f	f	f	f
Develop an action plan for the implementation of the LED strategy and submit to Council for approval 30 September	Action plan submitted to Council by 30 September	f	f	f	f	f	f	f	f	f
And so on for the rest of the Votes										

The following table sets out the municipalities main performance objectives and benchmarks for the 2015/16 MTREF.

Table 32 MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid/Operating Expenditure	7.6%	7.0%	6.2%	5.9%	5.3%	5.3%	5.3%	5.4%	5.4%	5.5%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing/Own Revenue	9.4%	8.5%	7.5%	7.6%	6.7%	6.7%	6.7%	6.7%	6.6%	6.8%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl transfers and grants and contributions	284.3%	161.0%	71.5%	48.6%	38.3%	38.3%	38.3%	45.2%	44.3%	29.6%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	2332.1%	1607.3%	1293.3%	566.1%	566.1%	566.1%	452.7%	355.2%	259.3%
Liquidity											
Current Ratio	Current assets/current liabilities	0.7	1.0	1.5	2.1	1.4	1.4	1.4	1.3	1.3	1.1
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.7	1.0	0.7	1.2	0.7	0.7	0.7	0.6	0.5	0.4
Liquidity Ratio	Monetary Assets/Current Liabilities	0.3	0.4	0.6	1.5	0.7	0.7	0.7	0.6	0.6	0.5
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		97.6%	90.7%	93.3%	91.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		97.5%	90.7%	93.2%	91.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	16.0%	13.2%	16.0%	10.0%	13.7%	13.7%	13.7%	13.4%	13.2%	12.8%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))	59.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		114.5%	78.6%	68.4%	33.4%	90.1%	90.1%	90.1%	95.0%	58.3%	102.9%
Other Indicators											
Electricity Distribution Losses (Z)	Total Volume Losses (kWh)	10 155 642	16 731 017	18 560 957	6 169 227	6 169 227	6 169 227	6 169 227	6 169 227	6 169 227	6 169 227
	Total Cost of Losses (Rand '000)	-	-	-	-	-	-	-	-	-	-
	% Volume (units purchased and generated less units sold)/units purchased and generated	9.96%	15.82%	17.90%	5.85%	5.84%	5.84%	5.84%	5.84%	5.84%	5.84%
Water Distribution Losses (Z)	Total Volume Losses (kl)	457 665	263 682	249 611	240 568	240 568	240 568	240 568	240 568	240 568	240 568
	Total Cost of Losses (Rand '000)	-	-	-	-	-	-	-	-	-	-
	% Volume (units purchased and generated less units sold)/units purchased and generated	16.13%	10.21%	7.04%	8.51%	6.76%	6.76%	6.76%	6.76%	6.76%	6.76%
Employee costs	Employee costs/(Total Revenue - capital revenue)	35.1%	29.6%	31.3%	31.1%	28.9%	28.9%	28.9%	32.7%	35.0%	34.8%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	36.4%	30.5%	32.5%	32.1%	29.9%	29.9%		33.7%	36.0%	35.6%
Repairs & Maintenance	RAM/(Total Revenue excluding capital revenue)	3.6%	2.6%	2.8%	3.5%	3.2%	3.2%		3.6%	3.3%	3.0%
Finance charges & Depreciation	FCDD/(Total Revenue - capital revenue)	13.4%	11.5%	10.5%	7.8%	6.6%	6.6%	6.6%	6.6%	6.6%	6.5%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	14.2	15.5	21.1	18.9	18.9	18.9	19.0	19.6	20.7	22.3
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	19.7%	18.5%	23.9%	14.0%	19.4%	19.4%	19.4%	18.7%	18.1%	17.6%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	1.5	2.0	1.9	4.0	2.0	2.0	2.0	1.9	1.6	1.5

References

1. Consumer debtors > 12 months old are excluded from current assets
2. Only include if services provided by the municipality

Calculation data

Debtors > 90 days	18 691	21 421	25 604	27 575	30 653	30 653	30 653	33 456	36 431	39 452
Monthly fixed operational expenditure	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
Fixed operational expenditure % assumption										
Own capex	10 658	8 567	23 377	20 478	25 138	25 138	25 138	47 541	35 608	31 545
Borrowing	30 330	13 755	16 720	10 000	10 000	10 000	10 000	21 537	15 879	9 340

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Bitou Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of Bitou Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2015/16 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. This ratio is decreasing over the MTREF from 18.5% to 18.3% in 2015/16, it needs to be noted that the decrease capital grants and transfers has contributed to the increase and must not be considered a measure on borrowing capacity in isolation of other ratios and measures.
- *Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has remained constant at 2.8% in MTREF. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as Bitou Municipality is reaching its prudential borrowing limits.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is 46.2% which substantiates the above mentioned statement that Bitou Municipality is reaching its prudential borrowing limits.

Bitou Municipality's debt profile provides some interesting insights on Bitou Municipality's future borrowing capacity. Firstly, the use of amortising loans leads to high debt service costs at the beginning of the loan, which declines steadily towards the end of the loan's term.

Bitou Municipality has raised mainly amortising loans over the past five years, hence effectively 'front-loading' its debt service costs. This is reflected in Bitou Municipality's debt service profile, which predicts a decline in debt service over the MTREF.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of Bitou Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs.

It is very unfortunate that the municipality cash flow is still under pressure thereby prolonging the period necessary for complete financial recovery.

2.3.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, and over as well as tax provisions as a percentage of funds and reserves.

2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark Bitou Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2015/16 MTREF the current ratio is 1.3 in the 2016/17 financial year 1.3 and for the 2017/2018 financial year 1.1.1.

2.3.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, this include ongoing revenue enhancement services to ensure all revenue remains in the revenue net, as well as strict application of the credit control policy to collect all debt current and debt that has fallen in arrears.

2.3.1.5 Creditors Management

- Bitou Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. With the liquidity ratio that is improving and by applying daily cash flow management the municipality has managed to ensure a 100% compliance rate to this legislative obligation. This has had a favorable impact on suppliers' perceptions of risk of doing business with Bitou Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for Bitou Municipality's business.

2.3.1.6 Other Indicators

- The electricity distribution losses will be significantly managed and reduced from 17.9% in the audited 2013/14 financial year to 5.8% over the MTREF. The initiatives to ensure these targets are achieved include managing illegal connections, replacement of meters, minimizing unread meters and revenue enhancement initiatives where large consumers of electricity have been discovered that were not metered. The funding for these initiatives has already been allocated in the original budget of 2014/15 which was approved in May 2014. Further provision is made in the 2015/2016 budget and MTREF for this expenditure.
- The water distribution losses will also be reduced from 7.0% in the audited 2013/14 to 6.7% in 2015/16 MTREF. Losses are managed through a combination of exception reports, meter deviation reports and revenue enhancement initiatives. A concerted effort is necessary to reduce the losses even further to within acceptable norms by the conclusion of the MTREF.
- Employee costs as a percentage of operating revenue is increasing in the 2015/2016 financial year and escalates by R 29, 7 year on year as a result of the adoption of the organizational structure and the filling of critical vacancies necessary for service delivery as well as the 6% general salary increase budgeted for 2015/2016. Employee related cost continues to be one of the major costs related to service delivery and need to be carefully managed to be within acceptable norms.
- Repairs and maintenance as percentage of operating revenue is decreasing marginally owing decrease in other revenues. In real terms, repairs and maintenance has

increased as part of Bitou Municipality's strategy to ensure the management of its asset base.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of Bitou Municipality. Registered indigents as well as residents in properties where the value is below R 350,000 qualify for either free basic services or service tariffs at a reduced rate.

For the 2015/16 financial year between 6000 and 7000 households will receive subsidies for free or reduced cost services. In terms of the Municipality's indigent policy registered households are entitled to 6kl free water, 50 kwh of electricity, free sanitation and free waste removal services, as well as a discount/full subsidy on their property rates. Indigent households are also exempted from the payment of basic water and electricity charges.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

Note that the number of households in Eskom distribution areas that receive free services and the cost of these services are not taken into account in the table noted above.

2.3.3 Providing clean water and managing waste water

Bitou Municipality is the Water Services Authority for the entire municipal area in terms of the Water Services Act, 1997 and also acts as water services provider.

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

Bitou Municipality has repeatedly been awarded Blue Drop status since 2012/13, indicating that Bitou Municipality's drinking water is of exceptional quality. Bitou also received accolades for being the leader with regards to water and waste water quality for a medium sized municipality.

The following is briefly the main challenges facing Bitou Municipality with regards to water and waste water management.

- The infrastructure at certain waste water treatment works is old and require upgrade and refurbishment to continue meeting quality standards;
- Shortage of skilled personnel makes proper operations and maintenance difficult;
- Water sources are scarce and bulk water augmentation is critical for the immediate future.

The following are some of the steps that have been taken to address these challenges:

- Infrastructure shortcomings are being addressed through the capital budget, subject to funding availability;
- The filling of vacancies has received priority in the current budget as well as 2015/16 MTREF and in-house skills development receive high priority;
- The Division is working in consultation with the Department of Water Affairs, neighboring municipalities and the Eden District to address bulk water augmentation.

2.4 Overview of budget related-policies

Bitou Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies. The narratives to each policy were presented with the draft budget where after these policies were work-shopped with Councillors and management, inputs from the work-shops and the amendments are made accordingly. All the budgeted related policies and the amendments are contained in Annexure D.

2.5 Overview of budget assumptions

2.5.1 External factors

It is expected that the economic recovery will be slow and prolonged; the anticipated growth for 2015 is 2.0% rising to 2.6% in 2016.

Bitou municipality still find itself in the shadow of the economic downturn with limited financial resources at our disposal for service delivery this is also evident in the effort that needs to be made for the recovery of debt owed to the municipality. It is also therefore necessary to carefully evaluate spending decisions and to ensure value for money in all procurement processes.

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2015/16 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on the municipalities residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity, transportation of refuse and water; and
- The increase in the cost of remuneration. Employee related costs comprise 32.5% of total operating expenditure in the 2015/16 MTREF and therefore this increase above inflation places additional upward pressure on the expenditure budget.

2.5.3 Credit rating outlook

The Municipality has not had a credit rating done.

2.5.4 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. Bitou Municipality intends to take up a loan of R20 Million in the 2015/2016 financial year. The 2015/16 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments on a bi-annual basis.

Interest rates for investment purposes remains low and the average interest rate on investment is anticipated to average between 5% and 6% for the 2015/2016 financial year with little upward movement anticipated for the remainder of the MTREF.

2.5.5 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term, it is however anticipated that interest rates may urge upward in the medium term placing a further strain on cash strapped consumers.

The rate of revenue collection is currently expressed as a percentage (95%) of annual billing. Cash flow is assumed to be 95.0% of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however be only considered a source of additional cash in-flow once the performance has been carefully monitored.

2.5.6 Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of Bitou Municipality, household formation growth rate and the poor household change rate.

The compilation of the general valuation roll for the period 2013 to 2017 has resulted in a small growth in the assessment rates base for the MTREF (6%), when allowing for objections and appeals on valuations as well as changes in categories in terms of the property rates policy, it is estimated that a real growth of between 4% and 5% will realise. Prudent financial management dictates that a conservative approach best serves a positive outcome and therefore the additional anticipated revenue as a result of the change in valuations necessitated a low additional revenue forecast.

2.5.7 Salary increases

The collective agreement regarding salaries/wages will come into operation on 1 July 2015 and it is hoped that it shall remain in force until 30 June 2018. For the purpose of calculation of salary related expenditure for the 2015/2016 financial year an across the board salary increase of 6% was used.

2.5.8 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs through labour intensive programs and projects as well as full participation in the EPWP;
- Enhancing education and skills development;
- Improving quality of life of all residents;
- Protection of the poor through appropriate subsidization and tariff setting
- Rural development and agriculture; and
- Creating a conducive environment for economic development

2.5.9 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97.2% is achieved on operating expenditure and 98.2% on the capital programme for the 2015/16 MTREF of which performance has been factored into the cash flow budget. The spending on both the operating budget and capital budget financed from own funding alike will be dependent on the realising of the revenue as per the revenue and cash flow estimates for the MTREF.

2.6 Overview of budget funding

2.6.1 Funding of the Budget

Section 18(1) of the MFMA determines that an annual budget can only be funded from:

- Realistically expected revenue to be collected;
- Cash-backed accumulated funds of preceding years' surpluses not earmarked for other purposes; and
- Borrowed funds, but only for the capital budget referred to in Section 17.

Full achievement of this requirement effectively entails that a Council 'balances' its budget by ensuring that the budgeted outflow balances with a combination of planned inflow.

2.6.2 Credible Budget

A credible budget, among other things, is a budget, which:

- Only funds activities which are in line with the revised IDP and vice versa and which ensure that the IDP is realistically achievable while taking account of the financial restrictions of the municipality;
- Is achievable in respect of agreed service delivery and performance targets;
- Contains revenue and expenditure projections that are in line with current and previous performance and that are supported by documented evidence of future assumptions;

- Does not compromise the financial viability of the municipality (ensures that the financial position is contained within generally accepted prudent limits and that obligations can be met in the short, medium and long term); and
- Provides managers with suitable levels of delegation to enable them to fulfill their financial and managerial responsibilities.

A budget sets out certain service delivery levels and accompanying financial implications. Consequently the community must realistically expect to receive these promised service levels and to understand the accompanying financial implications. High under spending due to under collection of revenue or poor planning is a clear example of a budget that is not credible and realistic.

Furthermore, budgets tabled as early as 90 days before the start of the budget year, must remain credible and fairly close to the approved budget.

3.6.3 Long term financial planning

The current budget only proposes to borrow an amount higher than the redemption portion of current borrowing and it will not place an unaffordable strain on the municipal financial position. Government Grants allocated to the Municipality still consist of the major source of capital funding over the MTREF.

The municipality has made provision, cash-backed at 0%, for long-term employee benefits consisting of medical aid contributions for retired personnel and for the payment of long service bonuses.

The budget is fully compliant with GRAP standards. This will assist the basis for sound financial practices and compliance in terms of the MFMA and GRAP.

3.6.4 Sources of funding

Interest earned from investments is recorded in the operating revenue budget. The interest earned is expected to remain constant due to a relative stable national monetary policy with regards to interest rates.

The following summarizes the budgeted interest payable as reflected in the MTREF;

2015/16 - R 15, 0 Million

2016/17 - R 16, 2 Million

2017/18 - R 17, 4 Million

3.6.5 Contributions

The Municipality receives augmentation fees which serve as bulk service levies from new developers to provide infrastructure and other works as part of the conditions set with the granting process. This revenue source is not very predictable but with the prevailing economic climate it is expected that new developments will not follow past trends and these revenue streams are very dependent on economic recovery.

2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 33 Breakdown of the operating revenue over the medium-term

Description	Ref	2014/15 Medium Term Revenue & Expenditure Framework							
		Adjusted Budget	%	Budget Year 2015/16	%	Budget Year +1 2016/17	%	Budget Year +2 2017/18	%
R thousand	1								
Revenue By Source									
Property rates	2	102 409	20.43%	108 554	20.38%	114 741	20.27%	121 626	19.84%
Property rates - penalties & collection charges		285	0.06%	302	0.06%	319	0.06%	338	0.06%
Service charges - electricity revenue	2	108 791	21.70%	122 058	22.91%	136 949	24.20%	153 657	25.06%
Service charges - water revenue	2	49 620	9.90%	52 597	9.87%	55 950	9.89%	59 307	9.67%
Service charges - sanitation revenue	2	56 643	11.30%	60 489	11.35%	64 603	11.41%	68 966	11.25%
Service charges - refuse revenue	2	33 920	6.77%	35 947	6.75%	38 551	6.81%	41 346	6.74%
Service charges - other		-	0.00%	-	0.00%	-	0.00%	-	0.00%
Rental of facilities and equipment		1 321	0.26%	1 396	0.26%	1 468	0.26%	1 548	0.25%
Interest earned - external investments		3 911	0.78%	4 087	0.77%	4 271	0.75%	4 463	0.73%
Interest earned - outstanding debtors		2 426	0.48%	3 132	0.59%	3 303	0.58%	1 734	0.28%
Dividends received		-	0.00%	-	0.00%	-	0.00%	-	0.00%
Fines		30 591	6.10%	32 426	6.09%	34 047	6.02%	35 920	5.86%
Licences and permits		44	0.01%	48	0.01%	50	0.01%	51	0.01%
Agency services		1 085	0.22%	1 150	0.22%	1 219	0.22%	1 293	0.21%
Transfers recognised - operational		101 962	20.34%	101 375	19.03%	102 694	18.14%	114 539	18.68%
Other revenue	2	8 260	1.65%	9 187	1.72%	7 806	1.38%	8 268	1.35%
Gains on disposal of PPE		-	0.00%	-	0.00%	-	0.00%	-	0.00%
Total Revenue (excluding capital transfers and contributions)		501 266	100.00%	532 748	100.00%	565 972	100.00%	613 056	100.00%

The following graph is a breakdown of the operational revenue per main category for the 2015/16 financial year.

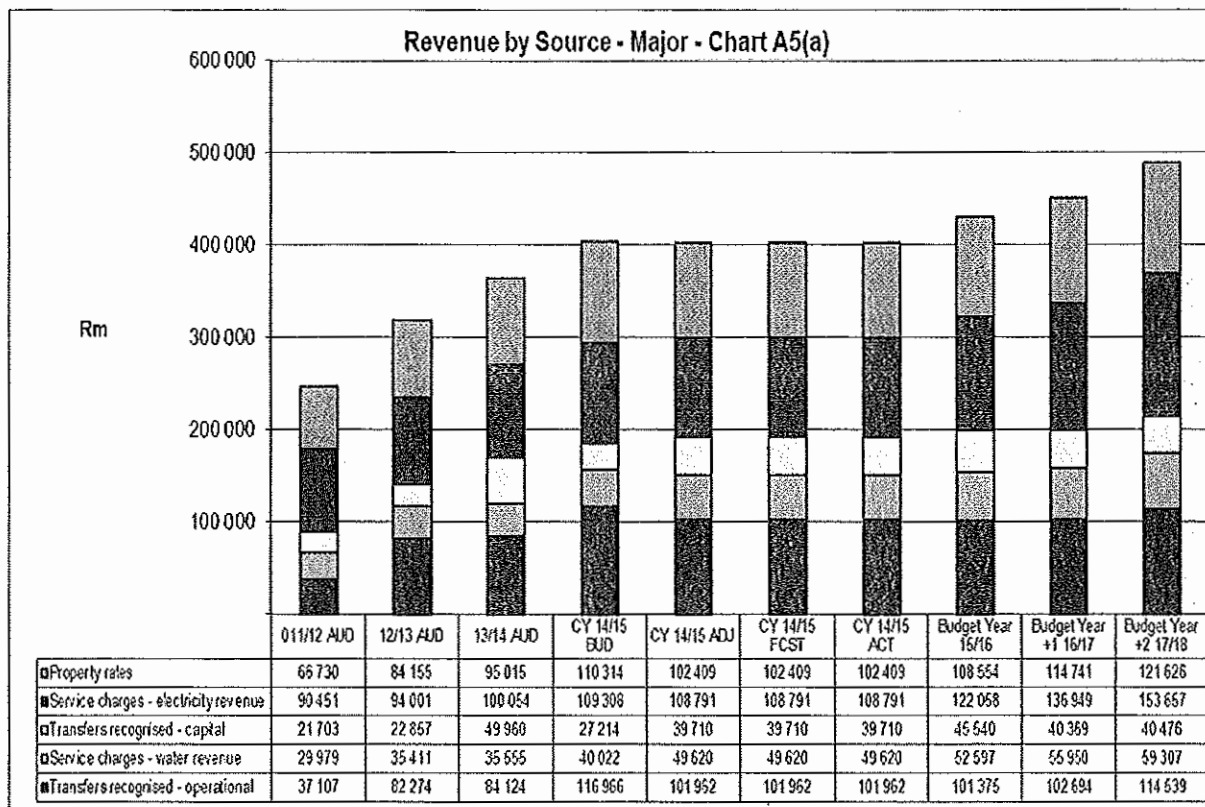


Figure 4 Breakdown of operating revenue over the 2015/16 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. Bitou Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc.) are other forms of revenue.

The revenue strategy is a function of key components such as:

- Growth in Bitou Municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 95.0% annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2015/16 MTREF on the different revenue categories are reflected in the table below, the outer years of the MTREF reflect the tariff increases closer to National Treasury growth parameters for the outer years and do not necessarily reflect the increases to be determined for the outer years:

Table 34 Proposed tariff increases over the medium-term

Revenue category	2015/16 proposed tariff increase	2016/17 proposed tariff increase	2017/18 proposed tariff increase
	%	%	%
Property rates	6	5.7	6
Sanitation	6.8	6.8	6.8
Solid Waste	7.5	7.5	7.5
Water	6.4	6.4	6.4
Electricity	12.6	12.6	12.6

The tables below provide detail investment information and investment particulars by maturity.

Table 35 MBRR SA15 – Detail Investment Information

Investment type	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
Parent municipality										
Securities - National Government		--	--	--	--	--	--	--	--	--
Listed Corporate Bonds		--	--	--	--	--	--	--	--	--
Deposits - Bank		31 319	15 099	30 645	50 318	61 648	61 648	27 400	34 800	41 100
Consolidated total:		31 319	15 099	30 645	50 318	61 648	61 648	27 400	34 800	41 100

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2015/16 medium-term capital programme:

Table 36 Sources of capital revenue over the MTREF

Vote Description R thousand	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Funded by:											
National Government		21 741	19 718	14 004	24 223	23 609	23 609	23 609	26 065	24 783	22 982
Provincial Government		5 143	11 846	29 654	1 005	10 523	10 523	10 523	13 892	11 128	12 524
District Municipality		-	-	-	-	1 701	1 701	1 701	1 066	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	26 883	31 565	43 859	25 228	35 833	35 833	35 833	41 013	35 911	35 505
Public contributions & donations	5	-	142	2 309	-	673	673	673	1 316	-	-
Borrowing	6	3 841	8 350	18 054	10 000	10 919	10 919	10 919	21 987	15 879	9 340
Internally generated funds		6 826	216	5 323	10 478	15 219	15 219	15 219	25 554	19 929	22 206
Total Capital Funding	7	37 551	40 273	69 544	45 706	62 645	62 645	62 645	89 870	71 719	67 051

The above table is graphically represented as follows for the 2015/16 financial year.

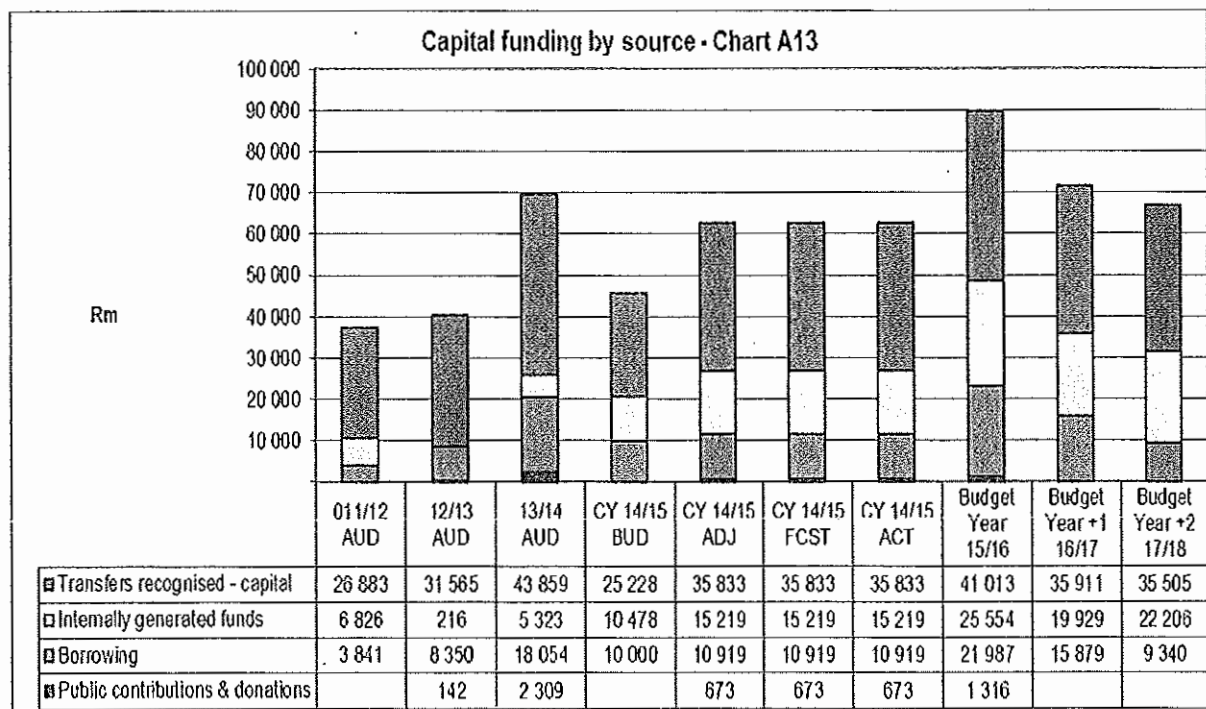


Figure 5 Sources of capital revenue for the 2015/16 financial year

Capital grants and receipts equates to 45.6% of the total funding source which represents R 41,0 million for the 2015/16 financial year and decreases to R 35, 9 million in 2016/17 and slightly further decrease to R 35, 5 million 2017/18.

Borrowing still remains a significant funding source for the capital programme over the medium-term with an estimated R 20, 0 million to be raised for 2015/16 and R 15, 8 in 2016/17 financial years totalling 22.2% and 17.6% of the total funding of the capital budget for 2015/16 and 2016/17 financial years. As explained earlier, the borrowing capacity of Bitou Municipality has reached its limits and going forward borrowing limits will remain constant until such time that financial recovery reaches completion.

The following table is a detailed analysis of Bitou Municipality's borrowing liability.

Table 37 MBRR Table SA 17 - Detail of borrowings

Borrowing - Categorised by type	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
Parent municipality										
Long-Term Loans (annuity/reducing balance)			116 331	120 335	116 593	116 593	116 593	124 030	123 624	106 588
Financial Leases			275	210	44	44	44	-	-	-
Total Borrowing	1	-	116 607	120 545	116 637	116 637	116 637	124 030	123 624	106 588

Unspent Borrowing - Categorised by type										
Parent municipality										
Long-Term Loans (annuity/reducing balance)			-	2 907	-	1 987	1 987	-	-	-
Total Unspent Borrowing	1	-	-	2 907	-	1 987	1 987	-	-	-

The following graph illustrates the growth and decline in outstanding borrowing for the 2011/12 to 2017/18 period.

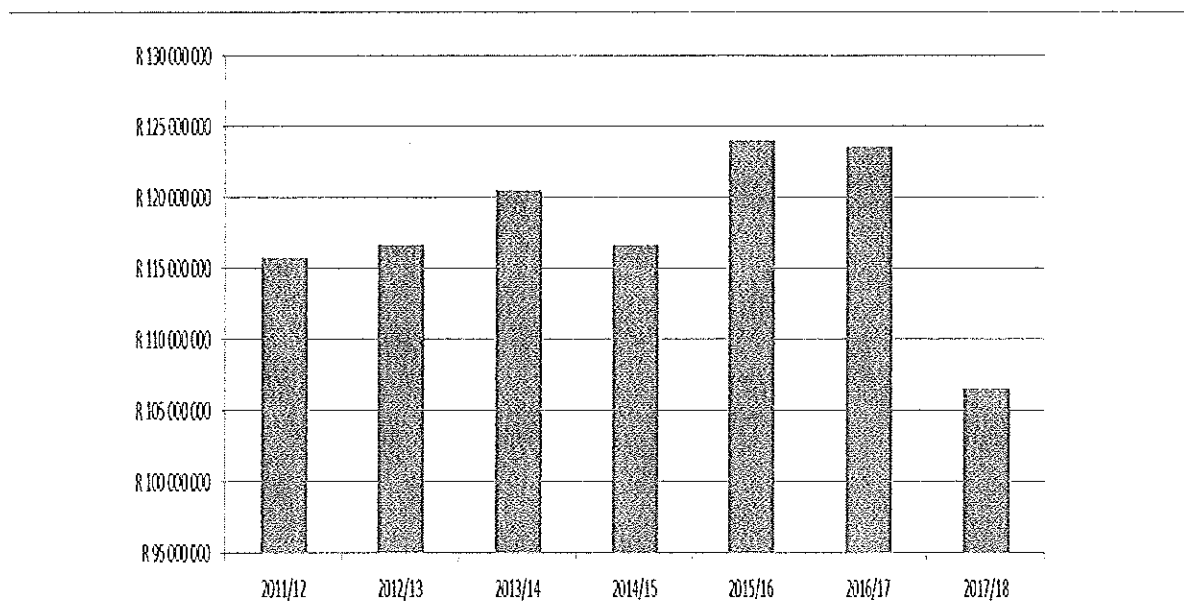


Figure 6 Growth / Decline in outstanding borrowing (long-term liabilities)

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash backed reserves and accumulated funds reconciliation, as discussed below. Internally generated funds have been a limited source of capital funding for the last few financial years and it is also used conservatively going forward as the municipality needs to build reserves to fund future capital requirements.

Table 38 MBRR Table SA 18 - Capital transfers and grant receipts

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		21 526	26 425	32 804	44 701	44 701	44 701	60 730	67 444	74 158
Local Government Equitable Share		18 978	23 375	29 814	40 946	40 946	40 946	57 298	65 012	71 575
Finance Management		1 250	1 250	1 300	1 450	1 450	1 450	1 450	1 475	1 550
Municipal Systems Improvement		790	800	890	934	934	934	930	957	1 033
EPWP Incentive		502	1 000	1 000	1 371	1 371	1 371	1 052	-	-
Municipal Infrastructure Grant (MIG)		6	-	-	-	-	-	-	-	-
Provincial Government:		19 873	43 699	53 379	72 265	63 818	63 818	40 645	35 250	40 381
Housing		16 327	39 287	46 705	63 324	53 429	53 429	30 419	25 224	29 723
Proclaimed Roads		800	33	1 140	100	100	100	766	-	-
Library Services - Conditional Grant		425	468	-	2 007	2 007	2 007	1 471	1 559	1 653
Library Services - MRF Grant		2 069	3 439	4 884	6 578	6 578	6 578	7 853	8 324	8 824
CDW - Operational Support		52	54	33	35	35	35	36	38	40
Thusong Centre		-	218	218	221	221	221	100	105	141
Provincial Management Support Grant		200	200	400	-	1 449	1 449	-	-	-
Total Operating Transfers and Grants	5	41 399	70 124	86 183	116 966	108 519	108 519	101 375	102 694	114 539
Capital Transfers and Grants										
National Government:		24 065	15 368	16 229	26 914	26 914	26 914	29 703	28 253	26 199
Municipal Infrastructure Grant (MIG)		12 075	14 655	14 845	18 914	18 914	18 914	19 622	20 253	21 199
Integrated National Electrification Program (INEG)		2 000	500	-	5 000	5 000	5 000	7 000	8 000	5 000
ACIP		-	-	1 304	3 000	3 000	3 000	3 081	-	-
Neighbourhood Development Partnership		9 990	213	-	-	-	-	-	-	-
Municipal Drought Relief		-	-	-	-	-	-	-	-	-
Eskom Demand Side Management		-	-	280	-	-	-	-	-	-
Provincial Government:		-	200	19 585	300	10 945	10 945	14 771	12 116	14 277
Housing		-	-	18 589	-	10 645	10 645	14 611	12 116	14 277
Sport and Recreation Facilities		-	200	-	-	-	-	-	-	-
Library Services - MRF Grant		-	-	320	-	-	-	160	-	-
Internal Audit Grant		-	-	150	-	-	-	-	-	-
Library Services - Conditional Grant		-	-	525	300	300	300	-	-	-
District Municipality:		-	13 835	329	-	1 372	1 372	1 066	-	-
Emergency Funding NDMC		-	13 835	329	-	1 372	1 372	1 066	-	-
Total Capital Transfers and Grants	5	24 065	29 403	36 142	27 214	39 231	39 231	45 540	40 369	40 476
TOTAL RECEIPTS OF TRANSFERS & GRANTS		65 464	99 527	122 325	144 180	147 750	147 750	146 915	143 063	155 015

2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councilors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 39 MBRR Table A 7 – Budgeted Cash flows

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		65 094	76 342	68 591	101 543	97 559	97 559	97 559	103 413	109 307	115 866
Service charges		160 661	163 106	174 969	202 438	236 525	236 525	236 525	257 537	261 251	307 112
Other revenue		13 008	21 035	15 293	13 915	19 537	19 537	19 537	21 139	20 367	21 526
Government - operating	1	38 767	70 291	68 613	116 966	101 962	101 962	101 962	101 375	102 694	114 539
Government - capital	1	26 697	29 236	35 712	27 214	39 710	39 710	39 710	45 540	40 369	40 476
Interest		4 775	6 333	7 006	2 600	6 337	6 337	6 337	7 062	7 409	6 110
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(267 974)	(298 994)	(320 295)	(365 668)	(407 694)	(407 694)	(407 694)	(440 607)	(474 543)	(510 264)
Finance charges		(12 792)	(13 864)	(13 683)	(13 637)	(14 358)	(14 358)	(14 358)	(15 076)	(16 206)	(17 503)
Transfers and Grants	1	(632)	(2 332)	(2 438)	(2 700)	(4 230)	(4 230)	(4 230)	(4 127)	(4 133)	(4 140)
NET CASH FROM/(USED) OPERATING ACTIVITIES		27 604	51 203	71 769	82 470	75 347	75 347	75 347	76 256	66 515	73 722
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		391	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		77	78	76	-	58	58	58	-	-	-
Decrease (increase) in non-current investments		(303)	(302)	(302)	(350)	(302)	(302)	(302)	5 182	-	-
Payments											
Capital assets		(35 684)	(40 758)	(69 865)	(44 627)	(60 409)	(60 409)	(60 409)	(88 926)	(72 069)	(66 450)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(35 520)	(40 983)	(70 091)	(44 977)	(60 653)	(60 653)	(60 653)	(83 744)	(72 069)	(66 450)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/financing		30 330	13 795	16 720	10 000	10 000	10 000	10 000	21 987	15 879	9 340
Increase (decrease) in consumer deposits		195	748	309	246	327	327	327	346	367	368
Payments											
Repayment of borrowing		(10 674)	(11 175)	(11 738)	(13 531)	(12 212)	(12 212)	(12 212)	(13 908)	(14 594)	(16 284)
NET CASH FROM/(USED) FINANCING ACTIVITIES		19 852	3 369	5 291	(3 285)	(1 885)	(1 885)	(1 885)	8 425	1 651	(6 555)
NET INCREASE/(DECREASE) IN CASH HELD		11 936	13 589	6 969	34 209	12 809	12 809	12 809	938	(9 903)	717
Cash/cash equivalents at the year begin:	2	16 664	28 620	42 208	76 924	49 177	49 177	49 177	61 966	62 924	59 021
Cash/cash equivalents at the year end:	2	28 620	42 208	49 177	111 133	61 986	61 986	61 986	62 924	59 021	59 737

2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Bitou municipality is in compliance with section 18 because there is a surplus which indicates that the annual budget is appropriately funded. It is also important to analyse trends to understand the consequences, in the 2011/12 financial year there was a deficit, meaning the budget was not funded. The MTREF shows an increase in the surplus over the three years and it is very important that this is maintained year on year. For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity.

Table 40 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	28 620	42 208	49 177	111 133	61 986	61 986	61 986	62 924	59 021	59 737
Other current investments > 90 days		-	-	0	-	-	-	-	-	-	-
Non current assets - Investments	1	4 275	4 578	4 880	5 318	5 182	5 182	5 182	-	-	-
Cash and investments available:		32 895	46 786	54 057	116 451	67 168	67 168	67 168	62 924	59 021	59 737
Application of cash and investments											
Unspent conditional transfers		40 915	21 860	518	8 330	-	-	-	-	-	-
Unspent borrowing		-	-	2 907	-	1 987	1 987	1 987	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	(11 300)	(11 147)	(12 775)	(5 750)	(5 379)	(5 379)	(5 379)	(4 048)	(8 755)	(9 297)
Other provisions		-	-	-	59 415	-	-	-	-	-	-
Long term investments committed	4	4 275	4 578	4 880	5 318	5 182	5 182	5 182	-	-	-
Reserves to be backed by cash/investments	5	-	5 000	7 500	9 000	19 900	19 900	19 900	27 400	34 800	41 100
Total Application of cash and investments:		33 890	20 290	3 030	76 313	21 690	21 690	21 690	23 352	26 045	31 803
Surplus(shortfall)		(995)	26 496	51 027	40 138	45 478	45 478	45 478	39 572	32 975	27 934

From the above table the MTREF therefore provides for a budgeted surplus of R39, 5 million, R32, 9 million and R 27, 9 million in each of the financial years. This surplus is intended to partly fund capital expenditure from own sources as well as ensure adequate cash backing of reserves and funds.

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year.

- Provisions for statutory requirements include VAT owing to timing differences resulting from year- end obligations.

It can be concluded that Bitou Municipality has a surplus against the cash backed and accumulated surpluses reconciliation. The challenge for Bitou Municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven year perspective.

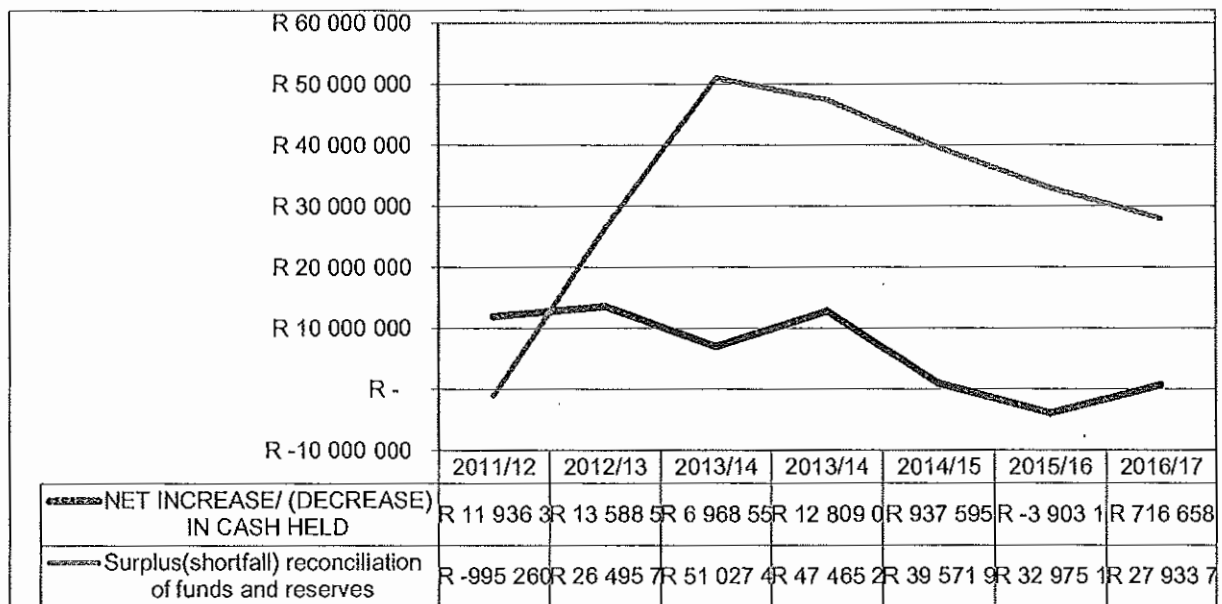


Figure 7 Cash and cash equivalents / Cash backed reserves and accumulated funds

2.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 41 MBRR SA10 – Funding compliance measurement

Description	MFMA section	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	28 620	42 208	49 177	111 133	61 986	61 986	61 986	62 924	59 021	59 737
Cash + investments at the yr end less applications - R'000	18(1)b	2	(986)	26 496	51 027	40 138	45 478	45 478	45 478	39 572	32 975	27 934
Cash year end/monthly employee/supplier payments	18(1)b	3	1.5	2.0	1.9	4.0	2.0	2.0	2.0	1.9	1.6	1.5
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	1 382	45 295	63 696	34 389	36 776	36 776	36 776	44 097	36 386	38 039
Service charge rev % change - macro CPI target exclusive	18(1)a(2)	5	N.A.	8.1%	1.1%	12.2%	(0.7%)	(6.0%)	(6.0%)	2.0%	2.2%	2.3%
Cash receipts % of Ratepayer & Other revenue	18(1)a(2)	6	96.3%	90.2%	82.8%	91.3%	89.4%	89.4%	89.4%	89.4%	89.5%	90.0%
Debt impairment expense as a % of total billable revenue	18(1)a(2)	7	4.5%	4.4%	10.0%	4.6%	10.3%	10.3%	10.3%	9.8%	9.5%	9.3%
Capital payments % of capital expenditure	18(1)c,19	8	95.0%	101.2%	100.5%	97.6%	96.4%	96.4%	96.4%	98.9%	100.5%	99.1%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	284.3%	158.4%	65.1%	48.6%	37.3%	37.3%	37.3%	45.0%	44.3%	29.6%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								100.0%	100.0%	100.0%
Current consumer debtors % change - inc/(dec)	18(1)a	11	N.A.	7.4%	38.3%	(30.9%)	45.5%	0.0%	0.0%	4.1%	4.5%	5.4%
Long term receivables % change - inc/(dec)	18(1)a	12	N.A.	(36.1%)	(56.6%)	(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	1.7%	1.6%	1.6%	2.3%	2.3%	2.3%	2.8%	2.5%	2.3%	2.1%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	31.1%	43.3%	16.5%	18.4%	18.4%	0.0%	12.7%	10.7%	8.6%

2.6.5.1 Cash/cash equivalent position

Bitou Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

2.6.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement.

2.6.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of Bitou Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. The Municipality must aim to achieve at least three month's cash coverage in the medium term, and then gradually move towards five months coverage. This measure will have to be carefully monitored going forward.

2.6.5.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.6.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

2.6.5.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyze the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget.

2.6.5.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues.

2.6.5.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

2.6.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded.

2.6.5.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100% could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. Bitou Municipality has budgeted for all transfers.

2.6.5.11 Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position.

2.6.5.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

2.6.5.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorize each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarize and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

2.7 Expenditure on grants and reconciliations of unspent funds

Table 42 MBRR SA19 - Expenditure on transfers and grant programs

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		21 024	26 927	32 804	44 701	44 701	44 701	60 730	67 444	74 158
Local Government Equitable Share		18 978	23 375	29 614	40 946	40 946	40 946	57 298	65 012	71 575
Finance Management		1 250	1 250	1 300	1 450	1 450	1 450	1 450	1 475	1 550
Municipal Systems Improvement		790	800	890	934	934	934	930	957	1 033
EPWP Incentive		-	1 502	1 000	1 371	1 371	1 371	1 052	-	-
Municipal Infrastructure Grant (MIG)		6	-	-	-	-	-	-	-	-
Provincial Government:		11 089	55 879	53 397	72 265	57 261	57 261	40 645	35 250	40 381
Housing		8 284	50 550	46 538	63 324	46 855	46 855	30 419	25 224	29 723
Proclaimed Roads		302	532	1 140	100	100	100	766	-	-
Library Services - Conditional Grant		386	507	-	2 007	2 007	2 007	1 471	1 559	1 653
Library Services - MRF Grant		2 069	3 439	4 884	6 578	6 578	6 578	7 853	8 324	8 824
CDW - Operational Support		39	67	17	35	50	50	36	38	40
Thusong Centre		-	218	218	221	221	221	100	105	141
Provincial Management Support Grant		-	364	600	-	1 449	1 449	-	-	-
MMC Kurland		-	17	-	-	-	-	-	-	-
Spatial Planning		-	184	-	-	-	-	-	-	-
Traffic Disaster		-	1	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants		32 113	82 806	86 201	116 966	101 962	101 962	101 375	102 694	114 539
Capital expenditure of Transfers and Grants										
National Government:		26 417	20 791	15 949	26 914	26 914	26 914	29 703	28 253	26 199
Municipal Infrastructure Grant (MIG)		12 075	14 655	14 845	18 914	18 914	18 914	19 622	20 253	21 199
Integrated National Electrification Program (INEP)		282	2 461	-	5 000	5 000	5 000	7 000	8 000	5 000
ACIP		-	-	1 104	3 000	3 000	3 000	3 081	-	-
Neighbourhood Development Partnership		14 060	3 675	-	-	-	-	-	-	-
Provincial Government:		-	-	19 635	300	11 095	11 095	14 771	12 116	14 277
Housing		-	-	18 589	-	10 645	10 645	14 611	12 116	14 277
Sport and Recreation Facilities		-	-	200	-	-	-	-	-	-
Library Services - MRF Grant		-	-	320	-	-	-	160	-	-
Internal Audit Grant		-	-	-	-	150	150	-	-	-
Library Services - Conditional Grant		-	-	525	300	300	300	-	-	-
District Municipality:		-	1 535	12 300	-	1 701	1 701	1 066	-	-
Emergency Funding NDMC		-	1 535	12 300	-	1 701	1 701	1 066	-	-
Total capital expenditure of Transfers and Grants		26 417	22 326	47 883	27 214	39 710	39 710	45 540	40 369	40 476
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		58 530	105 132	134 084	144 180	141 672	141 672	146 915	143 063	155 015

Table 43 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Operating transfers and grants:										
National Government:	1,3									
Balance unspent at beginning of the year		-	502	-	-	-	-	-	-	-
Current year receipts		21 526	26 425	32 804	44 701	44 701	44 701	60 730	67 444	74 158
Conditions met - transferred to revenue		21 024	26 927	32 864	44 701	44 701	44 701	60 730	67 444	74 158
Conditions still to be met - transferred to liabilities		502	-	-	-	-	-	-	-	-
Provincial Government:										
Balance unspent at beginning of the year		26 206	20 990	(6 540)	8 610	(6 558)	(6 558)	(0)	(0)	(0)
Current year receipts		19 873	43 699	53 379	72 265	63 818	63 818	40 645	35 250	40 381
Conditions met - transferred to revenue		11 089	55 879	53 397	72 265	57 261	57 261	40 645	35 250	40 381
Conditions still to be met - transferred to liabilities		34 990	8 810	(6 558)	8 610	(0)	(0)	(0)	(0)	(0)
District Municipality:										
Total operating transfers and grants revenue		32 113	82 806	86 201	116 966	101 962	101 962	101 375	102 694	114 539
Total operating transfers and grants - CTBM	2	35 492	8 810	(6 558)	8 610	(0)	(0)	(0)	(0)	(0)
Capital transfers and grants:										
National Government:	1,3									
Balance unspent at beginning of the year		7 774	5 143	(280)	-	-	-	-	-	-
Current year receipts		24 065	15 368	16 229	26 914	26 914	26 914	29 703	28 253	26 199
Conditions met - transferred to revenue		26 697	20 791	15 949	26 914	26 914	26 914	29 703	28 253	26 199
Conditions still to be met - transferred to liabilities		5 143	(260)	-	-	-	-	-	-	-
Provincial Government:										
Balance unspent at beginning of the year		-	-	200	150	150	150	-	-	-
Current year receipts		-	200	19 585	300	10 945	10 945	14 771	12 116	14 277
Conditions met - transferred to revenue		-	-	19 635	300	11 095	11 095	14 771	12 116	14 277
Conditions still to be met - transferred to liabilities		-	200	150	150	0	-	-	-	-
District Municipality:										
Balance unspent at beginning of the year		-	-	12 300	329	329	329	-	-	-
Current year receipts		-	13 835	329	-	1 372	1 372	1 066	-	-
Conditions met - transferred to revenue		-	1 535	12 300	-	1 701	1 701	1 066	-	-
Conditions still to be met - transferred to liabilities		-	12 300	329	329	(0)	-	-	-	-
Other grant providers:										
Total capital transfers and grants revenue		26 697	22 326	47 883	27 214	39 710	39 710	45 540	40 369	40 476
Total capital transfers and grants - CTBM	2	5 143	12 220	479	479	0	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		58 810	105 132	134 084	144 180	141 672	141 672	146 915	143 063	155 015
TOTAL TRANSFERS AND GRANTS - CTBM		40 635	21 030	(6 079)	9 089	(0)	(0)	(0)	(0)	(0)

2.8 Councilors and employee benefits

Table 44 MBRR SA22 - Summary of councilors and staff benefits

Summary of Employee and Councilor remuneration	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		2 503	2 663	3 262	3 257	3 257	3 257	3 604	3 829	4 079
Pension and UIF Contributions		96	107	129	150	165	165	165	176	187
Medical Aid Contributions		130	79	87	191	191	191	97	103	110
Motor Vehicle Allowance		806	729	550	797	797	797	521	554	590
Cellphone Allowance		200	203	232	313	313	313	338	359	382
Housing Allowances		-	263	440	325	325	325	562	597	636
Other benefits and allowances		-	-	-	-	-	-	-	-	-
Sub Total - Councillors		3 735	4 043	4 701	5 032	5 047	5 047	5 288	5 618	5 983
% Increase	4		8.2%	16.3%	7.1%	0.3%	-	4.8%	6.3%	6.5%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		4 533	3 846	6 184	5 621	5 621	5 263	6 922	7 360	7 845
Pension and UIF Contributions		601	376	680	466	466	437	591	629	670
Medical Aid Contributions		358	225	406	124	124	116	163	170	175
Overtime		10	18	59	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	501	270	515	1 230	1 230	1 152	1 193	1 267	1 350
Cellphone Allowance	3	105	55	108	-	-	-	110	117	124
Housing Allowances	3	62	24	36	128	128	120	-	-	-
Other benefits and allowances	3	114	75	175	1 199	1 199	1 122	23	25	26
Payments in lieu of leave		-	927	162	-	-	-	-	-	-
Long service awards		-	26	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	386	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		6 285	6 228	8 325	8 769	8 769	8 211	9 002	9 567	10 190
% Increase	4		(0.9%)	33.7%	5.3%	-	(6.4%)	9.6%	6.3%	6.5%
Other Municipal Staff										
Basic Salaries and Wages		57 718	62 418	72 481	88 736	83 984	84 342	101 273	116 313	125 783
Pension and UIF Contributions		7 899	8 726	9 934	12 442	12 454	12 483	15 856	17 950	19 433
Medical Aid Contributions		7 808	7 994	8 386	11 235	10 969	10 977	15 263	17 469	18 206
Overtime		3 231	4 028	5 487	2 971	5 033	5 033	3 161	3 364	3 498
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	4 963	5 023	5 370	5 619	5 045	5 123	8 247	9 348	10 008
Cellphone Allowance	3	604	651	842	732	890	890	984	1 052	1 120
Housing Allowances	3	655	2 035	1 438	700	428	436	1 168	1 480	1 575
Other benefits and allowances	3	3 022	3 568	7 166	3 157	4 131	4 207	5 228	5 926	6 372
Payments in lieu of leave		1 892	2 099	3 632	2 605	2 772	2 772	3 034	3 460	3 763
Long service awards		530	590	713	699	698	698	727	757	787
Post-retirement benefit obligations	6	6 120	7 981	9 245	7 747	9 634	9 634	10 137	11 614	12 554
Sub Total - Other Municipal Staff		94 343	105 113	124 665	136 642	136 037	136 595	165 075	188 754	203 099
% Increase	4		11.2%	18.6%	9.6%	(0.4%)	0.4%	20.9%	14.3%	7.6%
TOTAL SALARY, ALLOWANCES & BENEFITS		104 564	115 385	137 690	150 413	149 853	149 853	179 365	203 939	219 272
% Increase	4		10.3%	19.3%	9.2%	(0.4%)	-	19.7%	13.7%	7.5%
TOTAL MANAGERS AND STAFF	5,7	100 829	111 342	132 990	145 381	144 806	144 806	174 077	198 321	213 289

Table 45 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4		609 284	–	25 936			635 220
Chief Whip			–	–	–			–
Executive Mayor			479 772	91 428	216 342			787 542
Deputy Executive Mayor			456 963	–	178 257			635 220
Executive Committee			784 004	72 802	337 474			1 194 280
Total for all other councillors			1 274 984	98 328	662 024			2 035 336
Total Councillors	8	–	3 605 007	262 558	1 420 033			5 287 598
Senior Managers of the Municipality	5							
Municipal Manager (MM)			1 156 811	233 921	362 996	–		1 753 728
Chief Finance Officer			1 296 078	25 140	257 137	–		1 578 355
HOD: Community Services			1 086 014	43 344	361 311	–		1 490 669
HOD: Corporate Services			1 182 165	187 664	120 840	–		1 490 669
HOD: Strategic Services			797 875	172 437	227 853	–		1 198 165
HOD: Infrastructure Services			660 687	136 593	693 389	–		1 490 669
Total Senior Managers of the Municipality	8, 10	–	6 179 630	799 099	2 023 527	–		9 002 256
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	–	9 784 637	1 061 657	3 443 560	–		14 289 854

Table 46 MBRR SA24 – summary of personnel numbers

Summary of Personnel Numbers		Ref	2013/14			Current Year 2014/15			Budget Year 2015/16		
Number		1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities											
Councillors (Political Office Bearers plus Other Councillors)			13	13	-	13	13	-	13	13	-
Board Members of municipal entities		4	-	-	-	-	-	-	-	-	-
Municipal employees		5	-	-	-	-	-	-	-	-	-
Municipal Manager and Senior Managers		3	6	5	-	6	6	-	6	6	-
Other Managers		7	27	14	1	30	23	3	30	23	3
Professionals			33	23	-	41	19	1	50	19	1
Finance			6	6	-	6	6	-	8	6	-
Spatial/town planning			6	5	-	6	5	-	6	5	-
Information Technology			2	-	-	2	-	-	2	-	-
Roads			1	-	-	-	-	-	-	-	-
Electricity			4	3	-	4	3	-	4	3	-
Water			3	2	-	3	3	-	5	3	-
Sanitation			1	1	-	-	1	-	1	1	-
Refuse			1	1	-	2	1	1	2	1	1
Other			9	5	-	18	-	-	22	-	-
Technicians			6	4	-	6	4	-	9	4	-
Finance			-	-	-	-	-	-	-	-	-
Spatial/town planning			2	1	-	2	1	-	2	1	-
Information Technology			1	-	-	1	-	-	1	-	-
Roads			-	-	-	-	-	-	-	-	-
Electricity			1	1	-	1	1	-	2	1	-
Water			-	-	-	-	-	-	-	-	-
Sanitation			-	-	-	-	-	-	-	-	-
Refuse			-	-	-	-	-	-	-	-	-
Other			2	2	-	2	2	-	4	2	-
Clerks (Clerical and administrative)			269	109	11	269	119	8	271	119	8
Service and sales workers			83	61	-	84	71	4	96	71	4
Skilled agricultural and fishery workers			-	-	-	-	-	-	-	-	-
Craft and related trades			-	-	-	-	-	-	-	-	-
Plant and Machine Operators			64	46	-	64	61	-	71	61	-
Elementary Occupations			191	125	47	194	162	4	219	162	4
TOTAL PERSONNEL NUMBERS		9	692	400	59	707	478	20	765	478	20
% Increase						2.2%	19.5%	(66.1%)	8.2%	-	-
Total municipal employees headcount		6, 10	679	387	59	708	465	19	765	478	14
Finance personnel headcount		8, 10	66	43	13	80	60	11	71	60	11
Human Resources personnel headcount		8, 10	11	6	2	20	6	7	20	6	7

2.9 Monthly targets for revenue, expenditure and cash flow

Table 47 MBRR A7 – Budgeted cash flow

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		65 094	76 342	88 591	101 543	97 559	97 559	97 559	103 413	109 307	115 866
Service charges		160 661	163 106	174 969	202 438	236 525	236 525	236 525	257 537	281 251	307 112
Other revenue		13 008	21 035	15 293	13 915	19 537	19 537	19 537	21 139	20 367	21 526
Government - operating	1	38 767	70 291	86 613	116 966	101 962	101 962	101 962	101 375	102 694	114 539
Government - capital	1	26 697	29 236	35 712	27 214	39 710	39 710	39 710	45 540	40 369	40 476
Interest		4 775	6 333	7 006	2 600	6 337	6 337	6 337	7 062	7 409	6 110
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(267 974)	(298 934)	(320 255)	(365 668)	(407 694)	(407 694)	(407 694)	(440 607)	(474 543)	(510 264)
Finance charges		(12 792)	(13 854)	(13 683)	(13 837)	(14 358)	(14 358)	(14 358)	(15 076)	(16 206)	(17 503)
Transfers and Grants	1	(632)	(2 332)	(2 438)	(2 700)	(4 230)	(4 230)	(4 230)	(4 127)	(4 133)	(4 140)
NET CASH FROM/(USED) OPERATING ACTIVITIES		27 604	51 203	71 769	82 470	75 347	75 347	75 347	76 256	66 515	73 722
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		391	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		77	78	76	-	58	58	58	-	-	-
Decrease (increase) in non-current investments		(303)	(302)	(302)	(350)	(302)	(302)	(302)	5 182	-	-
Payments											
Capital assets		(35 684)	(40 758)	(63 865)	(44 627)	(60 409)	(60 409)	(60 409)	(83 926)	(72 069)	(66 450)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(35 520)	(40 983)	(70 091)	(44 977)	(60 653)	(60 653)	(60 653)	(83 744)	(72 069)	(66 450)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		30 330	13 795	16 720	10 000	10 000	10 000	10 000	21 987	15 879	9 340
Increase (decrease) in consumer deposits		195	748	309	246	327	327	327	346	367	368
Payments											
Repayment of borrowing		(10 674)	(11 175)	(11 738)	(13 531)	(12 212)	(12 212)	(12 212)	(13 908)	(14 594)	(16 284)
NET CASH FROM/(USED) FINANCING ACTIVITIES		19 852	3 369	5 291	(3 285)	(1 885)	(1 885)	(1 885)	8 425	1 651	(6 556)
NET INCREASE/(DECREASE) IN CASH HELD		11 936	13 589	6 969	34 209	12 809	12 809	12 809	938	(3 903)	717
Cash/cash equivalents at the year begin:	2	16 694	28 620	42 268	76 924	49 177	49 177	49 177	61 986	62 924	59 021
Cash/cash equivalents at the year end:	2	28 620	42 208	49 177	111 133	61 986	61 986	61 986	62 924	59 021	59 737

Table 48 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand																
Revenue By Source																
Property rates		108 229	(99)	(9)	(52)	—	—	538	(2)	9	31	(28)	(64)	108 554	114 741	121 626
Property rates - penalties & collection charges		25	25	25	25	25	25	25	25	25	25	25	25	302	319	338
Service charges - electricity revenue		11 073	10 832	10 247	9 521	8 073	9 519	12 015	9 969	9 347	11 184	11 209	9 071	122 058	136 949	153 555
Service charges - water revenue		9 769	3 844	3 865	4 127	4 369	3 841	5 411	4 868	4 502	3 654	3 742	605	52 597	55 950	59 307
Service charges - sanitation revenue		60 904	(26)	21	186	(124)	10	(14)	(4)	167	(32)	(20)	(579)	60 489	64 603	68 966
Service charges - refuse revenue		30 904	3 072	34	347	340	206	205	207	170	260	200	1	35 947	38 551	41 346
Service charges - other		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Rental of facilities and equipment		131	113	114	125	112	109	108	110	120	129	127	98	1 396	1 468	1 548
Interest earned - external investments		306	383	373	346	339	352	381	244	244	506	301	314	4 087	4 271	4 463
Interest earned - outstanding debtors		255	255	255	255	255	255	311	262	263	255	255	255	3 132	3 303	1 734
Dividends received		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Fines		504	619	532	505	689	703	592	1 091	25	2 893	653	23 620	32 426	34 047	35 920
Licences and permits		3	2	2	3	18	9	4	1	1	2	2	1	48	50	51
Agency services		7	405	6	192	79	132	(913)	1 358	(189)	186	158	(269)	1 150	1 219	1 293
Transfers recognised - operational		9 369	22 262	2 069	3 484	25 891	4 523	9 415	(10 725)	15 692	14 619	6 244	(1 467)	101 375	102 594	114 539
Other revenue		1 615	616	556	824	526	585	940	553	643	614	732	972	9 187	7 806	8 268
Gains on disposal of PPE		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		233 093	42 303	18 091	19 890	40 592	20 270	29 018	7 966	31 018	34 324	23 599	32 584	532 748	565 972	613 056
Expenditure By Type																
Employee related costs		12 283	12 617	13 171	13 432	20 981	14 530	14 766	14 794	14 309	14 122	14 996	14 075	174 076	198 319	213 288
Remuneration of councillors		441	441	441	441	441	441	441	441	441	441	441	442	5 289	5 620	5 985
Debt impairment		5 686	5 686	5 686	5 686	5 686	5 364	9	5 364	5 364	5 364	5 364	(18 065)	37 192	39 166	41 229
Depreciation & asset impairment		(639)	(639)	(637)	(639)	(639)	(639)	(639)	4 549	51	(2 507)	(2 507)	25 212	20 326	21 342	22 409
Finance charges		—	—	—	—	781	7 261	—	—	—	—	805	6 228	15 076	16 206	17 503
Bulk purchases		399	11 814	9 831	7 315	6 356	6 510	8 562	7 099	6 433	5 841	6 041	14 810	91 012	103 939	118 706
Other materials		86	118	296	472	258	125	204	705	207	121	275	635	3 503	3 665	3 851
Contracted services		543	1 063	1 808	2 272	1 261	1 995	1 518	1 644	2 519	1 758	1 968	4 652	23 002	19 879	20 204
Transfers and grants		11	35	41	3 324	37	11	23	207	33	334	64	6	4 127	4 133	4 140
Other expenditure		35 810	10 803	9 883	10 965	8 995	9 549	8 208	8 818	8 627	19 804	8 035	21 010	160 506	157 598	168 089
Loss on disposal of PPE		7	7	7	7	7	7	7	7	7	7	7	7	83	87	90
Total Expenditure		54 626	41 944	40 527	43 275	44 164	45 155	33 100	43 628	37 990	45 283	35 489	69 011	534 192	569 955	615 493
Surplus/(Deficit)		178 467	359	(22 437)	(23 385)	(3 573)	(24 884)	(4 082)	(35 662)	(6 972)	(10 959)	(11 889)	(36 426)	(1 443)	(3 983)	(2 437)
Transfers recognised - capital		483	2 004	3 835	679	3 127	1 744	3 375	7 239	741	5 237	7 010	10 067	45 540	40 369	40 476
Contributions recognised - capital		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Contributed assets		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions		178 950	2 363	(18 602)	(22 706)	(446)	(23 140)	(706)	(28 423)	(6 231)	(5 722)	(4 880)	(26 359)	44 097	36 386	38 039
Taxation		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Attributable to minorities		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Share of surplus/ (deficit) of associate		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit)	1	178 950	2 363	(18 602)	(22 706)	(446)	(23 140)	(706)	(28 423)	(6 231)	(5 722)	(4 880)	(26 359)	44 097	36 386	38 039

Table 49 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand																
Revenue by Vote																
Council		209	209	209	209	209	209	209	209	209	209	209	209	2 507	2 620	2 878
Office of the Municipal Manager		112	19 511	97	181	17 300	119	220	(21 137)	56	8 630	117	727	25 933	28 055	30 920
Community Services		36 205	5 372	2 942	2 107	5 297	4 048	7 982	12 411	11 167	9 773	9 373	25 654	132 332	130 386	141 499
Corporate Services		30	30	29	29	29	29	29	29	29	29	30	30	352	2	2
Financial Services		109 134	953	1 003	1 402	982	996	1 558	887	884	1 107	912	1 111	120 929	128 167	136 039
Strategic Services		449	411	388	409	399	321	345	356	439	432	474	380	4 802	3 528	3 732
Municipal Services and Infrastructure Development		87 437	17 820	17 257	16 233	19 503	16 294	22 051	22 449	18 974	19 381	19 494	14 540	291 433	313 582	338 461
Total Revenue by Vote		233 576	44 307	21 925	20 569	43 719	22 015	32 393	15 205	31 759	39 561	30 609	42 652	578 288	606 340	653 532
Expenditure by Vote to be appropriated																
Council		432	515	542	593	508	544	515	1 139	595	642	797	(640)	6 182	6 560	6 970
Office of the Municipal Manager		981	1 213	1 594	1 787	1 712	1 400	1 238	1 419	1 301	1 308	2 500	4 160	20 611	21 941	23 170
Community Services		15 395	9 670	9 296	8 661	13 089	11 747	10 142	9 160	9 233	12 149	8 798	31 796	149 137	156 276	168 897
Corporate Services		2 252	2 331	2 149	2 014	2 690	2 014	1 684	2 381	2 306	4 128	2 207	3 875	30 029	32 464	34 330
Financial Services		6 685	5 456	5 827	8 234	6 380	6 094	4 428	5 336	7 135	6 689	5 985	(2 694)	65 555	66 419	69 627
Strategic Services		(963)	1 087	1 049	4 290	2 707	1 473	1 200	1 387	1 312	1 441	1 544	2 404	18 932	20 912	21 689
Municipal Services and Infrastructure Development		29 845	21 672	20 071	17 697	17 078	21 883	13 893	22 806	16 107	18 927	13 658	30 110	243 746	265 382	290 812
Total Expenditure by Vote		54 626	41 944	40 527	43 275	44 164	45 155	33 100	43 628	37 990	45 283	35 489	69 011	534 192	569 955	615 493
Surplus/(Deficit) before assoc.		178 950	2 363	(18 602)	(22 706)	(446)	(23 140)	(706)	(28 423)	(6 231)	(5 722)	(4 880)	(26 359)	44 097	36 386	38 039
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	178 950	2 363	(18 602)	(22 706)	(446)	(23 140)	(706)	(28 423)	(6 231)	(5 722)	(4 880)	(26 359)	44 097	36 386	38 039

Table 50 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand																
Revenue - Standard																
Governance and administration		109 673	20 878	1 515	2 008	18 695	1 526	2 188	(19 838)	1 363	10 161	1 449	2 234	151 853	159 509	170 538
Executive and council		575	652	597	695	605	634	719	555	463	818	549	828	7 692	6 940	7 393
Budget and treasury office		108 827	562	622	1 052	634	641	1 169	640	635	590	593	784	116 749	123 798	131 473
Corporate services		271	19 663	296	261	17 456	251	299	(21 033)	264	8 752	308	622	27 411	28 771	31 673
Community and public safety		3 013	2 232	2 841	1 692	2 669	3 774	7 708	12 136	8 709	9 446	9 106	25 586	88 910	83 353	92 635
Community and social services		2 452	463	226	(231)	1 223	741	1 005	843	3 565	(1 414)	664	194	9 731	10 139	10 779
Sport and recreation		28	26	27	26	26	59	29	26	27	25	30	30	360	381	404
Public safety		520	1 042	539	705	770	841	(310)	2 417	(159)	3 094	813	23 355	33 627	35 321	37 270
Housing		13	701	2 049	1 191	649	2 133	6 984	8 850	5 275	7 741	7 598	2 007	45 192	37 512	44 182
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		220	201	156	177	189	114	110	148	220	1 004	228	143	2 911	2 307	2 446
Planning and development		220	201	156	177	189	114	110	148	220	199	228	182	2 145	2 307	2 446
Road transport		-	-	-	-	-	-	-	-	-	805	-	(39)	766	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services		120 629	20 961	17 359	16 648	22 132	16 567	22 324	22 724	21 432	18 904	19 761	14 648	334 089	360 615	387 325
Electricity		14 159	10 905	10 283	9 823	12 188	9 522	12 771	13 633	12 525	12 944	11 319	9 183	139 255	156 531	171 338
Water		10 979	6 444	6 458	5 702	6 361	5 428	7 195	7 606	5 470	5 196	7 701	5 063	79 602	84 477	89 514
Waste water management		62 298	472	516	708	953	1 343	2 085	1 211	979	436	474	333	71 809	72 574	77 609
Waste management		33 192	3 140	102	415	2 628	274	273	275	2 458	328	268	69	43 422	47 033	48 864
Other		42	35	54	44	35	33	63	33	34	48	65	41	526	556	587
Total Revenue - Standard		233 576	44 307	21 925	20 569	43 719	22 015	32 393	15 205	31 759	39 561	30 609	42 652	578 288	606 340	653 532
Expenditure - Standard																
Governance and administration		11 024	10 162	11 993	14 201	12 872	11 113	8 503	11 852	12 037	13 364	12 500	6 451	136 072	141 945	149 640
Executive and council		1 956	2 156	2 395	4 358	2 753	2 351	2 377	3 241	2 229	2 387	2 806	3 661	32 670	32 725	34 549
Budget and treasury office		5 833	4 376	4 937	4 960	5 201	4 713	2 731	4 291	4 760	4 672	4 559	(6 412)	44 622	46 191	48 466
Corporate services		3 235	3 630	4 661	4 882	4 918	4 049	3 395	4 320	5 048	6 305	5 135	9 201	58 780	63 029	66 625
Community and public safety		5 850	6 164	6 352	6 292	9 254	7 892	7 363	6 804	7 101	6 605	6 446	26 488	102 612	105 713	116 160
Community and social services		1 224	1 254	1 366	1 317	1 890	1 711	1 345	1 008	1 295	1 351	1 196	193	15 150	16 921	18 086
Sport and recreation		606	606	669	838	1 507	1 266	1 084	716	1 032	660	798	1 021	10 803	12 835	13 918
Public safety		1 333	1 609	1 630	1 445	2 975	1 980	2 232	2 054	2 002	1 939	1 795	21 561	42 556	47 513	50 900
Housing		2 687	2 695	2 686	2 691	2 881	2 935	2 702	3 026	2 773	2 654	2 657	3 712	34 099	28 439	33 251
Health		0	0	0	0	0	0	0	0	0	0	0	0	5	5	5
Economic and environmental services		(1 098)	1 017	1 201	1 205	2 311	3 492	1 573	1 278	1 337	2 410	1 483	5 701	21 911	23 103	25 629
Planning and development		(1 087)	930	927	877	1 615	982	1 075	996	1 037	1 009	1 006	1 128	10 495	11 782	12 788
Road transport		(11)	88	274	328	697	2 510	498	282	299	1 402	477	4 572	11 415	11 322	12 841
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services		38 779	24 517	20 857	18 164	18 933	22 510	15 530	23 564	17 270	22 459	14 930	29 941	267 455	292 858	318 090
Electricity		6 418	17 840	15 898	13 376	13 087	14 001	10 983	12 651	12 213	12 581	12 050	(10 911)	130 187	145 642	162 989
Water		4 652	3 162	2 918	3 080	2 820	4 348	2 762	4 130	2 993	2 558	2 350	9 462	45 236	48 165	50 878
Waste water management		18 313	158	(755)	(514)	(650)	455	(831)	4 574	80	1 925	(1 672)	26 233	47 303	50 398	53 519
Waste management		9 396	3 358	2 795	2 221	3 687	3 706	2 616	2 209	1 983	5 395	2 203	5 158	44 728	48 654	50 704
Other		71	82	125	3 414	794	148	131	129	244	445	129	430	6 142	6 335	5 975
Total Expenditure - Standard		54 626	41 944	40 527	43 275	44 164	45 155	33 100	43 628	37 990	45 283	35 489	69 011	534 192	569 955	615 493
Surplus/(Deficit) before assoc.		178 950	2 363	(18 602)	(22 706)	(446)	(23 140)	(706)	(28 423)	(6 231)	(5 722)	(4 880)	(26 359)	44 097	36 386	38 039
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	178 950	2 363	(18 602)	(22 706)	(446)	(23 140)	(706)	(28 423)	(6 231)	(5 722)	(4 880)	(26 359)	44 097	36 386	38 039

Table 51 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Multi-year expenditure to be appropriated	1															
Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office of the Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Services		3 031	3 000	3 000	1 568	100	100	100	500	500	500	500	300	13 199	260	-
Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial Services		(1 000)	-	100	100	100	100	100	100	1 100	100	100	100	1 000	-	-
Strategic Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Municipal Services and Infrastructure Development		-	-	-	-	-	-	-	-	-	-	-	-	-	877	2 438
Capital multi-year expenditure sub-total	2	2 031	3 000	3 100	1 668	200	200	200	600	1 600	600	600	400	14 199	1 137	2 438
Single-year expenditure to be appropriated																
Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office of the Municipal Manager		(40)	-	-	-	40	310	-	-	-	-	-	-	310	-	-
Community Services		(3 407)	3 300	3 300	700	650	955	7 837	4 260	1 100	5 634	800	1 170	26 299	21 244	24 343
Corporate Services		386	-	-	-	-	-	-	-	-	-	-	-	386	-	-
Financial Services		990	-	-	-	600	655	604	-	-	-	-	-	2 848	-	-
Strategic Services		114	-	-	-	500	150	500	200	-	1 200	200	216	3 080	-	-
Municipal Services and Infrastructure Development		9 256	5 978	6 030	5 150	4 503	2 149	2 440	3 085	2 366	1 370	420	-	42 747	49 338	40 271
Capital single-year expenditure sub-total	2	7 299	9 278	9 330	5 850	6 293	4 219	11 381	7 545	3 466	8 204	1 420	1 386	75 671	70 582	64 613
Total Capital Expenditure	2	9 330	12 278	12 430	7 518	6 493	4 419	11 581	8 145	5 066	8 804	2 020	1 786	89 870	71 719	67 051

Table 52 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Capital Expenditure - Standard	1															
<i>Governance and administration</i>		336	-	100	100	1 240	1 065	704	300	1 100	300	300	316	5 860	-	-
Executive and council	(40)	-	-	-	-	40	310	-	-	-	-	-	-	310	-	-
Budget and treasury office	(550)	-	-	100	100	100	100	100	100	1 100	100	100	100	1 450	-	-
Corporate services	926	-	-	-	-	1 100	655	604	200	-	200	200	216	4 100	-	-
<i>Community and public safety</i>	(5 904)	-	-	-	100	650	1 055	7 837	3 760	600	4 487	500	339	13 424	10 002	8 484
Community and social services	831	-	-	-	-	-	165	750	160	-	-	-	-	1 906	500	-
Sport and recreation	-	-	-	-	-	-	-	100	100	100	100	-	39	439	3 050	1 754
Public safety	-	-	-	-	100	100	100	100	500	500	500	500	300	2 700	740	-
Housing	(6 736)	-	-	-	-	550	790	6 887	3 000	-	3 887	-	-	8 379	5 711	6 730
Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	2 126	3 300	3 300	3 300	700	410	320	200	1 200	1 500	2 147	989	1 132	17 323	11 632	15 899
Planning and development	114	-	-	-	-	-	150	-	-	-	-	-	-	264	-	-
Road transport	2 011	3 300	3 300	3 300	700	410	170	200	1 200	1 500	2 147	989	1 132	17 059	11 632	15 899
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	12 773	8 978	9 030	6 618	4 193	1 979	2 340	2 885	1 866	870	231	-	-	51 763	50 085	42 669
Electricity	4 830	3 000	3 830	2 450	1 840	821	940	860	700	700	231	-	-	20 202	25 386	11 536
Water	1 500	1 269	1 500	1 500	1 300	708	1 200	1 325	496	170	-	-	-	10 968	15 396	18 811
Waste water management	3 066	1 709	700	1 200	1 053	450	200	700	670	-	-	-	-	9 747	9 303	12 322
Waste management	3 377	3 000	3 000	1 468	-	-	-	-	-	-	-	-	-	10 845	-	-
Other	-	-	-	-	-	-	-	500	-	-	1 000	-	-	1 500	-	-
Total Capital Expenditure - Standard	2	9 330	12 278	12 430	7 518	6 493	4 419	11 581	8 145	5 066	8 804	2 020	1 786	89 870	71 719	67 051
Funded by:																
National Government		6 207	2 700	3 930	2 949	1 743	790	1 640	1 760	1 146	1 500	1 020	670	26 055	24 783	22 982
Provincial Government	(2 836)	1 878	-	-	-	-	165	7 637	3 160	-	3 887	-	-	13 892	11 128	12 524
District Municipality	1 066	-	-	-	-	-	-	-	-	-	-	-	-	1 066	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital		4 437	4 578	3 330	2 949	1 743	955	9 277	4 920	1 146	5 387	1 020	670	41 013	35 911	35 505
Public contributions & donations	-	-	-	-	-	500	-	-	200	-	200	200	216	1 316	-	-
Borrowing		3 487	4 600	3 900	2 769	1 800	431	- 200	1 100	2 100	600	600	400	21 987	15 879	9 340
Internally generated funds		1 406	3 100	4 600	1 800	2 450	3 033	2 104	1 925	1 820	2 617	200	500	25 554	19 929	22 206
Total Capital Funding		9 330	12 278	12 430	7 518	6 493	4 419	11 581	8 145	5 066	8 804	2 020	1 786	89 870	71 719	67 051

Table 53 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Cash Receipts By Source															
Property rates	8 594	8 594	8 594	8 594	8 594	8 594	8 594	8 594	8 594	8 594	8 594	8 594	103 126	109 004	115 544
Property rates - penalties & collection charges	24	24	24	24	24	24	24	24	24	24	24	24	287	303	321
Service charges - electricity revenue	10 519	10 290	9 734	9 045	7 669	9 043	11 415	9 470	8 879	10 524	10 648	8 617	115 955	130 102	145 974
Service charges - water revenue	9 280	3 652	3 672	3 921	4 151	3 649	5 140	4 624	4 277	3 471	3 555	575	49 967	53 153	55 342
Service charges - sanitation revenue	4 789	4 789	4 789	4 789	4 789	4 789	4 789	4 789	4 789	4 789	4 789	4 789	57 465	61 373	65 518
Service charges - refuse revenue	29 359	2 919	32	330	323	195	195	197	161	247	190	1	34 150	36 624	39 276
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	124	108	108	119	106	104	103	105	114	123	121	93	1 327	1 394	1 471
Interest earned - external investments	306	383	373	346	339	352	381	244	244	506	301	314	4 087	4 271	4 463
Interest earned - outstanding debtors	242	242	242	242	242	242	295	249	250	242	242	242	2 975	3 138	1 647
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	147	180	155	147	200	204	172	317	7	841	190	6 867	9 427	9 898	10 443
Licences and permits	3	2	2	3	18	9	4	1	1	2	2	1	48	50	51
Agency services	96	96	96	96	96	96	96	96	96	96	96	96	1 150	1 219	1 293
Transfer receipts - operational	9 369	22 262	2 069	3 484	25 891	4 523	9 415	-	2 967	14 519	6 244	533	101 375	102 694	114 539
Other revenue	1 615	609	550	824	526	586	940	644	764	615	732	782	9 187	7 806	8 268
Cash Receipts by Source	74 467	54 148	30 440	31 964	52 967	32 411	41 562	29 353	31 168	44 792	35 727	31 528	490 526	521 028	565 153
Other Cash Flows by Source															
Transfer receipts - capital	483	2 004	3 835	679	3 127	1 744	3 375	7 239	741	5 237	7 010	10 067	45 540	40 369	40 476
Contributions recognised - capital & Contributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	21 987	21 987	15 879	9 340
Increase (decrease) in consumer deposits	29	29	29	29	29	29	29	29	29	29	29	29	346	387	388
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (Increase) other non-current receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	5 182	5 182	-	-
Total Cash Receipts by Source	74 979	56 180	34 304	32 672	56 123	34 184	44 966	36 620	31 937	50 057	42 766	68 794	563 581	577 643	615 357
Cash Payments by Type															
Employee related costs	11 309	11 529	12 052	12 312	19 791	13 285	13 481	13 545	13 138	12 983	13 855	12 898	160 178	182 469	196 184
Remuneration of councillors	441	441	441	441	441	441	441	441	441	441	441	442	5 289	5 620	5 985
Finance charges	-	-	-	-	781	7 261	-	-	-	-	805	6 228	15 076	16 206	17 503
Bulk purchases - Electricity	396	11 690	9 728	7 238	6 244	6 442	8 472	6 989	6 365	5 722	6 116	14 299	89 702	104 069	117 249
Bulk purchases - Water & Sewer	0	-	-	-	45	-	-	36	-	57	2	214	354	377	391
Other materials	96	118	296	472	258	125	204	705	207	121	275	635	3 503	3 665	3 851
Contracted services	539	1 052	1 789	2 249	1 248	1 974	1 502	1 626	2 492	1 740	1 947	4 602	22 760	19 976	20 023
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	11	31	41	3 324	37	11	23	207	33	334	64	11	4 127	4 133	4 140
Other expenditure	37 786	8 101	9 481	10 731	10 649	7 575	8 523	8 352	8 910	20 073	7 973	20 668	158 820	158 367	166 580
Cash Payments by Type	50 567	32 961	33 829	36 767	39 495	37 114	32 647	31 901	31 586	41 471	31 477	59 997	459 809	494 882	531 907
Other Cash Flows/Payments by Type															
Capital assets	9 232	12 149	12 299	7 439	6 424	4 373	11 459	8 060	5 013	8 712	1 999	1 767	88 926	72 069	66 450
Repayment of borrowing	-	-	-	-	-	6 342	-	-	-	-	-	7 565	13 808	14 594	16 284
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	59 799	45 110	46 128	44 206	45 919	47 829	44 108	39 961	36 598	50 182	33 476	69 330	562 644	581 546	614 641
NET INCREASE/(DECREASE) IN CASH HELD	15 180	11 071	(11 824)	(11 534)	10 204	(13 645)	860	(3 341)	(4 661)	(125)	9 290	(537)	938	(3 903)	717
Cash/cash equivalents at the month/year begin:	61 986	77 166	88 237	75 412	64 879	75 083	61 438	62 297	58 957	54 296	54 171	63 480	61 986	62 924	59 021
Cash/cash equivalents at the month/year end:	77 166	88 237	76 412	64 879	75 083	61 438	62 297	58 957	54 296	54 171	63 480	62 924	62 924	59 021	59 737

2.10 Contracts having future budgetary implications

In terms of Bitou Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.11 Capital expenditure details

The following three table's present details of Bitou Municipality's capital expenditure program, firstly on new assets, then the renewal of assets and on the repair and maintenance of assets.

Table 54 MBRR SA 34a - Capital expenditure on new assets by asset class

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1									
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		15 012	26 837	30 142	34 669	44 708	44 708	55 404	56 252	51 119
Infrastructure - Road transport		7 724	5 506	4 288	—	4 504	4 504	8 149	8 076	10 050
Roads, Pavements & Bridges		7 724	5 506	4 288	—	2 803	2 803	7 083	8 076	10 050
Storm water		—	—	—	—	1 701	1 701	1 066	—	—
Infrastructure - Electricity		1 509	2 736	151	11 160	11 461	11 461	18 202	25 086	11 236
Generation		—	558	—	—	—	—	—	—	—
Transmission & Reticulation		1 390	2 178	151	11 160	11 461	11 461	16 572	23 189	10 936
Street Lighting		119	—	—	—	—	—	1 631	1 897	300
Infrastructure - Water		5 392	7 634	5 863	5 719	7 608	7 608	11 215	14 076	17 841
Dams & Reservoirs		—	7 634	5 863	4 719	4 819	4 819	7 671	8 790	10 714
Water purification		4 976	—	—	—	—	—	—	—	—
Reticulation		416	—	—	1 000	2 789	2 789	3 544	5 286	7 126
Infrastructure - Sanitation		197	4 261	373	1 000	4 887	4 887	8 261	9 013	11 992
Reticulation		197	4 261	—	—	3 387	3 387	2 409	1 997	2 354
Sewerage purification		—	—	373	1 000	1 500	1 500	5 853	7 015	9 639
Infrastructure - Other		190	6 700	19 467	16 790	16 248	16 248	9 576	—	—
Waste Management		190	—	878	8 509	8 508	8 508	9 576	—	—
Transportation	2	—	—	—	8 281	7 739	7 739	—	—	—
Other	3	—	6 700	18 589	—	—	—	—	—	—
Community		16 882	557	928	600	782	782	1 831	1 170	670
Libraries		9 142	—	—	600	662	662	750	500	—
Recreational facilities		—	—	28	—	—	—	—	—	—
Fire, safety & emergency		725	—	20	—	—	—	—	—	—
Security and policing		15	206	78	—	120	120	550	670	670
Cemeteries		—	351	802	—	—	—	531	—	—
Social rental housing	8	7 000	—	—	—	—	—	—	—	—
Other assets		5 658	364	8 375	2 898	5 071	5 071	21 098	6 591	9 500
General vehicles		133	—	2 007	—	—	—	6 000	500	—
Specialised vehicles		—	—	2 564	—	—	—	1 269	—	—
Plant & equipment		2 252	156	250	550	1 069	1 069	1 410	320	2 770
Computers - hardware/equipment		2 606	6	1 243	943	1 086	1 086	1 249	—	—
Furniture and other office equipment		639	202	776	405	681	681	1 365	60	—
Other Buildings		—	—	—	1 000	1 235	1 235	2 766	—	—
Other Land		—	—	1 535	—	1 000	1 000	7 039	5 711	6 730
Surplus Assets - (Investment or Inventory)		—	—	—	—	—	—	—	—	—
Other		28	—	—	—	—	—	—	—	—
Agricultural assets		—	—	—	—	—	—	—	—	—
Intangibles		—	—	—	15	566	566	124	—	—
Computers - software & programming		—	—	—	15	566	566	124	—	—
Other (list sub-class)		—	—	—	—	—	—	—	—	—
Total Capital Expenditure on new assets	1	37 551	27 757	39 445	38 182	51 128	51 128	78 457	64 013	61 269
Specialised vehicles		—	—	2 564	—	—	—	1 269	—	—
Refuse		—	—	2 564	—	—	—	1 269	—	—

Table 55 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure	2	-	12 374	23 356	6 609	7 607	7 607	8 000	4 326	4 008
Infrastructure - Road transport		-	10 457	1 960	233	372	372	5 486	3 426	3 308
Roads, Pavements & Bridges		-	10 457	1 960	-	139	139	3 797	3 426	3 308
Storm water		-	-	-	233	233	233	1 689	-	-
Infrastructure - Electricity		-	219	2 087	2 745	3 604	3 604	2 000	-	-
Transmission & Reticulation		-	219	2 087	2 745	3 604	3 604	2 000	-	-
Street Lighting		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	861	400	400	400	400	900	700
Reticulation		-	-	861	400	400	400	400	900	700
Infrastructure - Sanitation		-	1 698	18 447	3 232	3 232	3 232	-	-	-
Reticulation		-	1 698	-	600	600	600	-	-	-
Sewerage purification		-	-	18 447	2 632	2 632	2 632	-	-	-
Infrastructure - Other		-	-	-	-	-	-	114	-	-
Transportation		-	-	-	-	-	-	114	-	-
Community		10	-	-	2 360	-	2 222	2 222	439	2 642
Parks & gardens	-		-	-	-	-	-	-	-	-
Sportsfields & stadia	-		-	2 360	-	2 222	2 222	439	2 562	1 754
Fire, safety & emergency	-		-	-	-	-	-	-	80	-
Other assets	10	-	142	4 384	915	1 687	1 687	2 974	738	-
General vehicles		-	-	3 959	-	880	880	-	-	-
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		-	142	-	90	66	66	53	738	-
Computers - hardware/equipment		-	-	-	825	739	739	890	-	-
Furniture and other office equipment		-	-	2	-	2	2	320	-	-
Civic Land and Buildings		-	-	-	-	-	-	300	-	-
Other Buildings		-	-	423	-	-	-	1 411	-	-
Total Capital Expenditure on renewal of existing	1	-	12 516	30 100	7 524	11 516	11 516	11 413	7 707	5 763
Specialised vehicles		-	-	-	-	-	-	-	-	-
Renewal of Existing Assets as % of total capex		0.0%	31.1%	43.3%	16.5%	18.4%	18.4%	12.7%	10.7%	8.6%
Renewal of Existing Assets as % of deprecn"		0.0%	42.6%	97.8%	33.0%	62.1%	62.1%	58.2%	36.1%	25.7%

Table 56 MBRR SA34c - Repairs and maintenance expenditure by asset class

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		5 352	5 213	6 927	9 598	7 648	7 648	9 667	9 938	9 449
Infrastructure - Road transport		1 793	1 659	3 144	2 485	2 465	2 465	3 667	3 693	3 726
Roads, Pavements & Bridges		1 432	1 421	2 802	1 735	1 735	1 735	2 893	2 873	2 856
Storm water		361	238	342	750	730	730	774	820	869
Infrastructure - Electricity		1 688	1 540	2 022	2 874	1 932	1 932	2 445	2 543	2 645
Transmission & Reticulation		1 673	1 441	1 940	2 457	1 515	1 515	1 849	1 923	2 000
Street Lighting		15	99	82	417	417	417	596	620	645
Infrastructure - Water		31	134	255	722	692	692	801	833	866
Water purification		-	-	85	502	512	512	502	522	542
Reticulation		31	134	171	220	180	180	299	311	324
Infrastructure - Sanitation		959	1 257	983	2 828	2 560	2 560	2 037	2 123	2 213
Reticulation		954	1 244	931	2 560	2 340	2 340	1 804	1 876	1 951
Sewerage purification		5	13	52	268	220	220	233	247	261
Infrastructure - Other		881	623	523	690	-	-	718	746	-
Waste Management		881	623	523	690	-	-	718	746	-
Community		2 097	1 846	1 958	1 832	2 040	2 040	4 029	3 525	3 094
Parks & gardens		-	-	-	-	-	-	-	-	-
Sportsfields & stadia		274	1 223	329	136	274	274	302	314	326
Recreational facilities		308	119	231	338	243	243	679	394	410
Fire, safety & emergency		87	1	83	54	38	38	102	107	112
Other		1 428	503	1 315	1 305	1 466	1 466	2 947	2 710	2 245
Heritage assets		-	-	-	-	-	-	-	-	-
Other assets		2 794	2 841	3 189	4 798	5 500	5 500	4 785	4 519	4 897
General vehicles		962	906	1 172	1 428	1 636	1 636	1 595	1 691	1 843
Specialised vehicles		199	316	-	-	-	-	-	-	-
Plant & equipment		151	147	271	727	956	956	725	713	764
Computers - hardware/equipment		24	17	40	286	146	146	144	150	156
Furniture and other office equipment		2	8	6	67	60	60	56	59	61
Civic Land and Buildings		1 386	1 404	1 645	2 131	2 558	2 558	2 100	1 735	1 804
Other Buildings		60	30	13	64	64	64	67	69	72
Other		11	12	42	96	80	80	98	102	106
Agricultural assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	14	893	893	880	880	880
Computers - software & programming		-	-	-	14	893	893	880	880	880
Other (list sub-class)		-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	1	10 243	9 900	12 073	16 242	16 082	16 082	19 361	18 861	18 229

Specialised vehicles		199	316	-	-	-	-	-	-	-
Fire		199	316	-	-	-	-	-	-	-
R&M as a % of PPE		1.7%	1.6%	1.8%	2.3%	2.3%	2.3%	2.5%	2.3%	2.1%
R&M as % Operating Expenditure		3.3%	2.8%	2.9%	3.5%	3.2%	3.2%	3.6%	3.3%	3.0%

Table 57 MBRR SA34d - Depreciation by asset class

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1									
Depreciation by Asset Class/Sub-class										
Infrastructure		12 951	12 406	13 123	18 235	15 017	15 017	16 358	17 352	18 361
Infrastructure - Road transport		4 189	3 910	4 174	4 641	3 701	3 701	3 982	4 146	4 392
Roads, Pavements & Bridges		4 189	3 910	4 174	4 633	3 652	3 652	3 866	4 033	4 280
Storm water		-	-	-	7	49	49	116	113	111
Infrastructure - Electricity		1 764	1 776	1 704	3 233	2 274	2 274	2 740	3 266	3 477
Transmission & Reticulation		1 764	1 776	1 704	3 233	2 274	2 274	2 699	3 181	3 366
Street Lighting		-	-	-	-	-	-	40	85	91
Infrastructure - Water		4 750	4 581	4 816	6 112	5 055	5 055	5 265	5 476	5 822
Dams & Reservoirs		669	694	-	1 310	121	121	310	513	758
Water purification		1 761	1 654	4 816	1 394	4 854	4 854	4 779	4 643	4 563
Reticulation		2 320	2 233	-	3 408	60	80	177	321	501
Infrastructure - Sanitation		2 064	2 111	2 418	3 325	2 963	2 963	3 122	3 250	3 479
Reticulation		-	-	-	19	100	100	159	202	255
Sewerage purification		2 064	2 111	2 418	3 307	2 863	2 863	2 964	3 048	3 224
Infrastructure - Other		183	28	10	924	1 024	1 024	1 248	1 213	1 192
Waste Management		183	28	8	305	247	247	481	467	459
Transportation	2	-	-	-	257	195	195	195	189	186
Other	3	-	-	2	363	582	582	573	556	547
Community		1 072	1 466	1 365	1 495	1 242	1 242	1 279	1 335	1 370
Parks & gardens		372	320	-	194	-	-	-	-	-
Sportsfields & stadia		-	-	-	83	56	56	66	126	165
Community halls		-	-	60	-	63	63	62	61	60
Libraries		58	519	520	562	460	460	471	470	462
Recreational facilities		512	508	733	518	648	648	638	620	609
Fire, safety & emergency		47	55	-	12	-	-	-	2	2
Security and policing		-	-	51	2	15	15	29	44	59
Cemeteries		-	-	-	42	-	-	13	13	13
Other		83	64	-	82	-	-	-	-	-
Investment properties		168	3 086	3	168	168	168	168	168	168
Housing development		-	-	-	-	-	-	-	-	-
Other		168	3 086	3	168	168	168	168	168	168
Other assets		6 403	11 780	12 489	2 737	2 098	2 098	2 488	2 456	2 480
General vehicles		1 346	1 037	798	414	327	327	471	469	461
Specialised vehicles		278	462	316	201	158	158	187	182	179
Plant & equipment		640	738	528	212	131	131	165	186	248
Computers - hardware/equipment		532	601	-	237	46	46	98	96	94
Furniture and other office equipment		1 998	2 987	1 382	288	319	319	356	347	341
Civic Land and Buildings		-	-	-	-	-	-	7	7	7
Other Buildings		1 438	970	403	1 386	1 118	1 118	1 204	1 170	1 150
Other Land		-	4 958	9 062	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		172	(172)	(0)	(0)	0	0	0	0	(0)
Agricultural assets		-	-	-	-	-	-	-	-	-
Intangibles		4 985	658	3 812	186	29	29	32	31	30
Computers - software & programming		4 985	658	3 812	186	29	29	32	31	30
Other (list sub-class)		-	-	-	-	-	-	-	-	-
Total Depreciation	1	25 578	29 396	30 791	22 821	18 555	18 555	20 326	21 342	22 409
Specialised vehicles		278	462	316	201	158	158	187	182	179
Refuse		58	122	-	97	-	-	31	31	30
Fire		220	341	316	104	158	158	156	151	149

Table 58 MBRR SA35 - Future financial implications of the capital budget

Vote Description R thousand	Ref	2015/16 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Present value
Capital expenditure	1							
Council		-	-	-	-	-	-	-
Office of the Municipal Manager		310	-	-	-	-	-	-
Community Services		39 499	21 504	24 343	-	-	-	-
Corporate Services		386	-	-	-	-	-	-
Financial Services		3 848	-	-	-	-	-	-
Strategic Services		3 080	-	-	-	-	-	-
Municipal Services and Infrastructure Development		42 747	50 215	42 709	-	-	-	-
List entity summary if applicable		-	-	-	-	-	-	-
Total Capital Expenditure		89 870	71 719	67 051	-	-	-	-
Future revenue by source	3							
Net Financial Implications		89 870	71 719	67 051	-	-	-	-

Table 59 MBRR SA36 - Detailed capital budget per municipal vote

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	Prior year outcomes		2015/16 Medium Term Revenue & Expenditure Framework			Project information	
								Audited Outcome 2013/14	Current Year 2014/15 Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	Ward location	New or renewal
R thousand	4				6	3	3							
Parent municipality: List all capital projects grouped by Municipal Vote														
Office of the Municipal Manager	2	FURNITURE AND EQUIPMENT	551 120 031	D	No	Other assets	Furniture and other office equipment	-	-	40	-	-		New
Office of the Municipal Manager	2	FURNITURE AND EQUIPMENT 1	551 120 051	D	No	Other assets	Furniture and other office equipment	23	-	-	-	-		New
Office of the Municipal Manager	2	FURNITURE AND EQUIPMENT	552 100 461	D	No	Other assets	Furniture and other office equipment	-	2	70	-	-		Renewal
Office of the Municipal Manager	2	COMPUTER EQUIPMENT 1	552 120 041	C	No	Other assets	Computers - hardware/equipment	21	-	-	-	-		New
Office of the Municipal Manager	2	INTERNAL AUDIT/RISK SYSTEM	552 120 051	C	No	Intangibles	Computers - software & programming	-	150	-	-	-		New
Office of the Municipal Manager	2	INTERNAL AUDIT/RISK SYSTEM-CRE	552 120 061	C	No	Intangibles	Computers - software & programming	-	215	-	-	-		New
Corporate Services	4	FURNITURE AND EQUIPMENT 1	552 130 031	C	No	Other assets	Furniture and other office equipment	6	18	-	-	-		New
Corporate Services	4	COMPUTER EQUIPMENT 1	552 130 041	C	No	Other assets	Computers - hardware/equipment	39	-	-	-	-		New
Community Services	3	PRINTER (HIV CO-ORDINATOR)	553 100 031	A	No	Other assets	Furniture and other office equipment	7	-	-	-	-		New
Community Services	3	TOOLS AND EQUIPMENT	553 120 161	A	No	Other assets	Plant & equipment	-	-	1 100	-	-		New
Community Services	3	FURNITURE AND EQUIPMENT	553 120 461	A	No	Other assets	Furniture and other office equipment	-	-	240	-	-		New
Community Services	3	PURCHASE OF LAND (GRANTS)	553 200 121	A	No	Other assets	Other Land	-	1 000	6 887	5 711	6 730		New
Community Services	3	SERVICES LINKED TO HOUSING PRO	553 200 151	A	No	Infrastructure - Other	Other	18 589	-	-	-	-		New
Community Services	3	LAND AND BUILDINGS 2	553 200 311	A	No	Other assets	Other Land	1 159	-	152	-	-		New
Community Services	3	FURNITURE AND EQUIPMENT 1	553 200 461	A	No	Other assets	Furniture and other office equipment	32	-	-	-	-		New
Community Services	3	ABLUTION FACILITIES	553 220 071	B	No	Community	Recreational facilities	28	-	-	-	-		New
Community Services	3	TOOLS AND EQUIPMENT	553 220 111	B	No	Other assets	Plant & equipment	16	-	-	-	-		New
Community Services	3	LDV LONG WHEEL BASE DIESEL	553 220 151	B	No	Other assets	General vehicles	-	-	-	300	-		New
Community Services	3	LAND AND BUILDINGS 2	553 220 311	B	No	Other assets	Other Land	311	-	-	-	-		New
Community Services	3	BOOK DETECTION SYSTEM	553 300 181	A	No	Other assets	Computers - hardware/equipment	42	300	160	-	-		New
Community Services	3	COMPUTER EQUIPMENT 1	553 300 241	A	No	Other assets	Computers - hardware/equipment	107	-	-	-	-		New
Community Services	3	AIR CONDITIONERS	553 300 341	A	No	Other assets	Furniture and other office equipment	113	37	-	-	-		New
Community Services	3	UPGRADE OF MUNICIPAL BUILDINGS	553 300 391	A	No	Community	Libraries	-	662	750	500	-		New
Community Services	3	FURNITURE AND EQUIPMENT	553 300 461	A	No	Other assets	Furniture and other office equipment	38	6	165	-	-		New
Community Services	3	FURNITURE & EQUIP(DONATION)	553 300 471	A	No	Other assets	Furniture and other office equipment	97	-	-	-	-		New
Community Services	3	FIRE HYDRANTS	553 400 121	A	No	Community	Fire, safety & emergency	20	-	-	80	-		New
Community Services	3	TOOLS AND EQUIPMENT	553 400 131	A	No	Other assets	Plant & equipment	-	-	-	400	-		Renewal
Community Services	3	VEHICLE	553 400 331	A	No	Other assets	General vehicles	394	880	-	-	-		Renewal
Community Services	3	FURNITURE AND EQUIPMENT 1	553 400 461	A	No	Other assets	Furniture and other office equipment	10	300	-	-	-		New
Community Services	3	TOOLS AND EQUIPMENT	553 420 131	A	No	Other assets	Plant & equipment	80	-	-	60	-		New
Community Services	3	COMPUTER EQUIPMENT 1	553 420 141	A	No	Other assets	Computers - hardware/equipment	22	-	-	-	-		New
Community Services	3	TRAILOR	553 420 151	A	No	Other assets	General vehicles	-	-	-	200	-		New
Community Services	3	LAND AND BUILDINGS 2	553 420 321	A	No	Other assets	Other Land	65	1 235	2 700	-	-		New
Community Services	3	LEASED VEHICLES	553 420 331	A	No	Other assets	General vehicles	223	-	-	-	-		Renewal
Community Services	3	FURNITURE AND EQUIPMENT 1	553 420 461	A	No	Other assets	Furniture and other office equipment	65	-	-	-	-		New
Community Services	3	TOOLS AND EQUIPMENT	553 430 131	C	No	Other assets	Plant & equipment	27	300	-	-	-		New
Community Services	3	COMPUTER EQUIPMENT 1	553 430 141	C	No	Other assets	Computers - hardware/equipment	14	-	-	-	-		New
Community Services	3	LEASED VEHICLES	553 430 331	C	No	Other assets	General vehicles	220	-	-	-	-		Renewal
Community Services	3	FENCING	553 430 451	C	No	Community	Security and policing	-	120	-	-	-		New
Community Services	3	FURNITURE AND EQUIPMENT 1	553 430 461	C	No	Other assets	Furniture and other office equipment	11	-	-	-	-		New

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	Prior year outcomes		2015/16 Medium Term Revenue & Expenditure Framework			Project information	
								Audited Outcome 2013/14	Current Year 2014/15 Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	Ward location	New or renewal
R thousand	4			2	6	3	3							
Community Services	3	TOOLS AND LOOSE GEAR	553 500 011	A	No	Other assets	Plant & equipment	-	2	-	-	-		New
Community Services	3	TOOLS AND EQUIPMENT	553 500 131	A	No	Other assets	Plant & equipment	2 185	673	-	-	-		Renewal
Community Services	3	COMPUTER EQUIPMENT	553 500 141	A	No	Other assets	Computers - hardware/equipment	14	-	-	-	-		New
Community Services	3	EQUIPMENT	553 500 341	A	No	Other assets	Plant & equipment	-	-	-	188	-		New
Community Services	3	UPGRADE OF SPORTS FACILITIES: MIG	553 500 351	A	No	Community	Sportsfields & stadia	-	-	439	2 562	1 754		Renewal
Community Services	3	UPGRADE OF SPORTS FACILITIES 1	553 500 371	A	No	Community	Sportsfields & stadia	175	-	-	-	-		Renewal
Community Services	3	UPGRADE KWANO SPORTFIELD-CR	553 500 381	A	No	Community	Sportsfields & stadia	-	1 549	-	-	-		Renewal
Community Services	3	ESTABLISHMENT OF NEW CEMETAF	553 520 041	A	No	Community	Cemeteries	802	-	531	-	-		New
Community Services	3	COMPUTER EQUIPMENT 1	553 540 141	A	No	Other assets	Computers - hardware/equipment	8	-	-	-	-		New
Community Services	3	UPGRADE OF MUNICIPAL BUILDINGS	553 540 351	C	No	Other assets	Civic Land and Buildings	-	-	300	-	-		Renewal
Community Services	3	FURNITURE AND EQUIPMENT 1	553 540 461	A	No	Other assets	Furniture and other office equipment	20	30	-	-	-		New
Corporate Services	4	FURNITURE & EQUIPMENT	554 100 211	C	No	Other assets	Furniture and other office equipment	-	265	-	-	-		New
Corporate Services	4	STORAGE CABINET FOR CATERING	554 100 221	C	No	Other assets	Furniture and other office equipment	-	-	100	-	-		New
Corporate Services	4	AIR CONDITIONERS	554 100 241	C	No	Other assets	Furniture and other office equipment	-	-	20	-	-		New
Corporate Services	4	ARCHIVAL UPGRADE	554 100 291	C	No	Other assets	Furniture and other office equipment	-	-	200	-	-		New
Corporate Services	4	COMPUTER EQUIPMENT 1	554 100 341	C	No	Other assets	Computers - hardware/equipment	52	-	-	-	-		New
Corporate Services	4	UPGRADE OF MUNICIPAL BUILDINGS	554 100 351	C	No	Other assets	Other Buildings	-	-	66	-	-		Renewal
Corporate Services	4	FURNITURE AND EQUIPMENT 1	554 100 471	C	No	Other assets	Furniture and other office equipment	38	-	-	-	-		New
Office of the Municipal Manager	2	FURNITURE AND EQUIPMENT	554 120 031	C	No	Other assets	Furniture and other office equipment	-	-	200	-	-		New
Corporate Services	4	COMPUTER EQUIPMENT 1	554 200 141	C	No	Other assets	Computers - hardware/equipment	36	-	-	-	-		New
Corporate Services	4	FURNITURE AND EQUIPMENT 1	554 200 461	C	No	Other assets	Furniture and other office equipment	21	-	-	-	-		New
Strategic Services	6	PAVING FOR ENTRANCE AND SURF	554 220 031	B	No	Infrastructure - Road transport	Roads, Pavements & Bridges	-	-	1 500	-	-		New
Corporate Services	4	COMPUTER EQUIPMENT	554 300 141	C	No	Other assets	Computers - hardware/equipment	44	-	-	-	-		New
Corporate Services	4	FURNITURE AND EQUIPMENT 1	554 300 461	C	No	Other assets	Furniture and other office equipment	12	-	-	-	-		New
Financial Services	5	FURNITURE AND EQUIPMENT	555 100 471	E	No	Other assets	Furniture and other office equipment	36	16	200	-	-		New
Financial Services	5	COMPUTER EQUIPMENT 1	555 300 131	E	No	Other assets	Computers - hardware/equipment	59	-	-	-	-		New
Financial Services	5	FURNITURE AND EQUIPMENT 1	555 300 461	E	No	Other assets	Furniture and other office equipment	86	8	-	-	-		New
Financial Services	5	INTEGRATED IT SYSTEM	555 400 021	E	No	Other assets	Computers - hardware/equipment	-	-	94	-	-		New
Financial Services	5	SAMRAS SOFTWARE LICENCES	555 400 061	E	No	Intangibles	Computers - software & programming	-	201	-	-	-		New
Financial Services	5	COMPUTER EQUIPMENT 1	555 400 131	E	No	Other assets	Computers - hardware/equipment	56	-	400	-	-		New
Financial Services	5	COMPUTER EQUIPMENT	555 400 141	E	No	Other assets	Computers - hardware/equipment	246	373	350	-	-		New
Financial Services	5	DR SERVER/STORAGE PROJECT	555 400 201	E	No	Other assets	Computers - hardware/equipment	-	203	191	-	-		New
Financial Services	5	MAIN BUILDING NETWORK SWITCH	555 400 211	E	No	Other assets	Computers - hardware/equipment	-	322	59	-	-		Renewal
Financial Services	5	COMPUTER REPLACEMENT	555 400 221	E	No	Other assets	Computers - hardware/equipment	-	88	655	-	-		Renewal
Financial Services	5	WIRELESS EQUIPMENT	555 400 231	E	No	Other assets	Computers - hardware/equipment	-	250	176	-	-		Renewal
Financial Services	5	UPS FOR SITES PROJECT	555 400 241	E	No	Other assets	Computers - hardware/equipment	-	77	-	-	-		Renewal
Financial Services	5	TRAINING ROOM PROJECT	555 400 251	E	No	Other assets	Computers - hardware/equipment	-	95	-	-	-		New
Financial Services	5	WIRELESS UPGRADES	555 400 261	E	No	Other assets	Computers - hardware/equipment	-	115	148	-	-		New
Financial Services	5	MANAGEMENT SOFTWARE	555 400 271	E	No	Intangibles	Computers - software & programming	-	-	30	-	-		New
Financial Services	5	UPGRADE OF MUNICIPAL BUILDINGS	555 400 351	E	No	Other assets	Other Buildings	47	-	96	-	-		Renewal
Financial Services	5	UPGRADE OF SERVER ROOM	555 400 361	E	No	Other assets	Other Buildings	376	-	-	-	-		Renewal

Service Area	Project Number	Project Name	Project Cost (R)	Project Type	Project Status	Project Description	Project Location	Project Budget (R)		Project Funding Sources (R)			Project Completion Date
								Capital Budget	Operating Budget	Grants	Other	Other	
Financial Services	5	FURNITURE AND EQUIPMENT 1	555 400 461	E	No	Other assets	Furniture and other office equipment	5	3	-	-	-	New
Financial Services	5	COMPUTER EQUIPMENT	555 500 031	E	No	Other assets	Computers - hardware/equipment	69	-	-	-	-	New
Financial Services	5	FURNITURE AND EQUIPMENT	555 500 461	E	No	Other assets	Furniture and other office equipment	-	-	200	-	-	New
Financial Services	5	COMPUTER EQUIPMENT 1	555 600 131	E	No	Other assets	Computers - hardware/equipment	208	-	-	-	-	New
Financial Services	5	WATER MANAGEMENT DEVICES	555 600 161	E	No	Infrastructure - Water	Retreatment	-	-	1 000	-	-	New
Financial Services	5	LEASED VEHICLES	555 600 331	E	No	Other assets	General vehicles	135	-	-	-	-	Renewal
Financial Services	5	FURNITURE AND EQUIPMENT	555 600 461	E	No	Other assets	Furniture and other office equipment	2	-	250	-	-	Renewal
Financial Services	5	COMPUTER EQUIPMENT 1	555 700 141	E	No	Other assets	Computers - hardware/equipment	144	-	-	-	-	New
Financial Services	5	FURNITURE AND EQUIPMENT	555 700 461	E	No	Other assets	Furniture and other office equipment	40	-	-	-	-	New
Strategic Services	6	TOOLS AND EQUIPMENT	557 100 131	A	No	Other assets	Plant & equipment	4	-	-	-	-	New
Strategic Services	6	COMPUTER EQUIPMENT 1	557 100 141	A	No	Other assets	Computers - hardware/equipment	19	-	-	-	-	New
Strategic Services	6	FURNITURE AND EQUIPMENT 1	557 100 461	A	No	Other assets	Furniture and other office equipment	3	-	-	-	-	New
Strategic Services	6	FURNITURE & EQUIPMENT	557 120 061	C	No	Other assets	Furniture and other office equipment	78	-	-	-	-	New
Strategic Services	6	UPGRADE OF MUNICIPAL BUILDING	557 120 391	C	No	Other assets	Other Buildings	-	-	1 316	-	-	Renewal
Strategic Services	6	FENCING	557 120 451	C	No	Community	Security and policing	78	-	-	-	-	New
Strategic Services	6	FURNITURE AND EQUIPMENT 1	557 400 031	B	No	Other assets	Furniture and other office equipment	7	-	150	-	-	New
Strategic Services	6	PARKING FACILITIES	557 400 221	B	No	Infrastructure - Road transport	Roads, Pavements & Bridges	52	-	-	-	-	Renewal
Strategic Services	6	PARKING FACILITIES 2	557 400 331	B	No	Infrastructure - Road transport	Roads, Pavements & Bridges	101	-	114	-	-	Renewal
Strategic Services	6	COMPUTER EQUIPMENT 1	557 500 141	B	No	Other assets	Computers - hardware/equipment	7	-	-	-	-	New
Strategic Services	6	FURNITURE AND EQUIPMENT 1	557 500 461	B	No	Other assets	Furniture and other office equipment	15	-	-	-	-	New
Strategic Services	6	FURNITURE AND EQUIPMENT	557 650 461	B	No	Other assets	Furniture and other office equipment	7	-	-	-	-	New
Municipal Services and Infrastructure D	7	CONSTRUCTION OF SPEEDHUMPS	558 200 151	A	No	Infrastructure - Road transport	Roads, Pavements & Bridges	-	200	-	-	-	New
Municipal Services and Infrastructure D	7	TOOLS AND EQUIPMENT	558 200 231	A	No	Other assets	Plant & equipment	39	2	140	130	40	New
Municipal Services and Infrastructure D	7	STORM WATER IMPROVEMENTS 3	558 200 321	A	No	Infrastructure - Road transport	Storm water	-	233	1 689	-	-	Renewal
Municipal Services and Infrastructure D	7	LEASED VEHICLES	558 200 331	A	No	Other assets	General vehicles	980	-	-	-	-	Renewal
Municipal Services and Infrastructure D	7	REHABILITATION OF STREET 1	558 200 431	A	No	Infrastructure - Road transport	Roads, Pavements & Bridges	1 808	139	-	-	-	Renewal
Municipal Services and Infrastructure D	7	FURNITURE AND EQUIPMENT	558 200 461	A	No	Other assets	Furniture and other office equipment	5	-	-	-	-	New
Municipal Services and Infrastructure D	7	TAXI ROUTE	558 200 511	A	No	Infrastructure - Road transport	Roads, Pavements & Bridges	4 288	7 739	-	-	-	New
Community Services	3	HOUSING SERVICES-QOLWENI	558 200 611	A	No	Infrastructure - Road transport	Roads, Pavements & Bridges	-	2 603	1 851	1 535	1 809	New
Community Services	3	RURAL INFRASTRUCTURE DEV-CRR	558 201 021	A	No	Infrastructure - Road transport	Roads, Pavements & Bridges	-	-	-	366	-	New
Community Services	3	NON-MOTORISED TRANSPORT PLAN	558 201 051	A	No	Infrastructure - Road transport	Roads, Pavements & Bridges	-	-	200	-	-	New
Community Services	3	NON-MOTORISED TRANSPORT PLAN	558 201 071	A	No	Infrastructure - Road transport	Roads, Pavements & Bridges	-	-	900	980	1 000	New
Community Services	3	SAFELY HOME PROGRAM-CRR	558 202 001	A	No	Infrastructure - Road transport	Roads, Pavements & Bridges	-	-	-	60	200	New
Community Services	3	COMMUNITY DEVELOPMENT PLAN	558 202 051	A	No	Infrastructure - Road transport	Roads, Pavements & Bridges	-	-	-	-	100	New
Community Services	3	COMMUNITY DEVELOPMENT PLAN	558 202 061	A	No	Infrastructure - Road transport	Roads, Pavements & Bridges	-	-	-	-	750	New
Community Services	3	UPGRADING OF UNPAVED ROAD-MK	558 202 071	A	No	Infrastructure - Road transport	Roads, Pavements & Bridges	-	-	1 316	2 441	2 632	New
Community Services	3	UPGRADING OF UNPAVED ROAD-CR	558 202 081	A	No	Infrastructure - Road transport	Roads, Pavements & Bridges	-	-	-	-	500	New
Community Services	3	REHABILITATION OF PAVED ROADS	558 202 091	A	No	Infrastructure - Road transport	Roads, Pavements & Bridges	-	-	3 647	3 428	3 308	Renewal
Community Services	3	KWANO:UPGRADING OF GRAVEL RO	558 203 071	A	No	Infrastructure - Road transport	Roads, Pavements & Bridges	-	-	1 316	1 816	1 245	New
Community Services	3	KWANO:UPGRADE SISHUBA EXT-MIG	558 203 081	A	No	Infrastructure - Road transport	Roads, Pavements & Bridges	-	-	-	877	1 754	New
Community Services	3	REPLACEMENT OF FLEET VEHICLE	558 240 001	A	No	Other assets	General vehicles	-	-	6 000	-	-	New
Community Services	3	NEW PLANT & MACHINERY	558 240 011	A	No	Other assets	Plant & equipment	-	-	-	-	2 500	New
Community Services	3	WASTE TRANSFER STATION (G)	558 300 061	A	No	Infrastructure - Other	Waste Management	878	3 508	877	-	-	New
Community Services	3	WASTE TRANSFER STATION	558 300 071	A	No	Infrastructure - Other	Waste Management	-	5 000	5 000	-	-	New
Community Services	3	LEASED VEHICLES	558 300 331	A	No	Other assets	General vehicles	267	-	-	-	-	Renewal
Community Services	3	WASTE COMPACTORS	558 300 691	A	No	Other assets	Specialised vehicles - Refuse	2 564	-	-	-	-	New
Community Services	3	WASTE TRANSFER ST. E&M-MIG	558 301 001	A	No	Infrastructure - Other	Waste Management	-	-	3 699	-	-	New
Community Services	3	WASTE COMPACTORS	558 301 011	A	No	Other assets	Specialised vehicles - Refuse	-	-	1 289	-	-	New
Municipal Services and Infrastructure D	7	UPGRADE SEWER PUMP STATION	558 400 121	A	No	Infrastructure - Sanitation	Retreatment	-	600	-	-	-	New
Municipal Services and Infrastructure D	7	RELOCATION OF P/S POORTJIES	558 400 191	A	No	Infrastructure - Sanitation	Retreatment	10 789	-	-	-	-	Renewal
Municipal Services and Infrastructure D	7	UPGRADE SEWER PUMP STATIONS	558 400 201	A	No	Infrastructure - Sanitation	Sewerage purification	62	-	-	-	-	Renewal
Municipal Services and Infrastructure D	7	RELOCATION OF P/S POORTJIES	558 400 221	A	No	Infrastructure - Sanitation	Sewerage purification	4 776	-	-	-	-	Renewal
Municipal Services and Infrastructure D	7	POORTJIES EMBANKMENT PROTEC	558 400 231	A	No	Infrastructure - Sanitation	Sewerage purification	366	-	-	-	-	New
Municipal Services and Infrastructure D	7	RELOCATION OF POORTJIES CRR	558 400 241	A	No	Infrastructure - Sanitation	Sewerage purification	1 852	-	-	-	-	Renewal
Municipal Services and Infrastructure D	7	KWANO OUTFALL SEWER	558 400 331	A	No	Infrastructure - Sanitation	Sewerage purification	-	-	-	1 754	2 632	New

2.12 Legislation compliance status

Compliance with the MFMA implementation requirements have been fully implemented and in the 2013/14 final audit, no findings were made regarding compliance with MFMA and related regulations. The following activities are provided for further elaboration:

1. In year reporting
Reporting to National Treasury in electronic format is fully complied with on a monthly basis up until the last section 71 reporting to the Executive Mayor (within 10 working days) and the quality of information has progressively improved and includes monthly published financial performance on Bitou Municipality's website.
2. Internship program
Bitou Municipality is participating in the Municipal Financial Management Internship program. There are currently eleven interns with eight of them funded in the FMG in the current financial year of which one has already left and got appointment with an accounting firm.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA and guidelines for establishment of BTO as issued by Provincial Treasury. The BTO structure has been approved by council; this will go a long way in terms of ensuring minimum use of consultants.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detail SDBIP document will be submitted with the MTREF and will be approved with the 2015/16 MTREF in May 2014 directly aligned and informed by the 2015/16 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements. The annual report was tabled in Council in March 2015 and is recommended to be adopted by the oversight committee without reservations.
7. Minimum competency training
Minimum competency training is underway and all required staff members are enrolled for the completion of the required training. Extension for the compliance has been granted by the National Treasury. Our participation in this program is in line with the assessment of current skills pool and capacity building to ensure less reliance on consulting services.
8. Policies
Various policy amendments are proposed as part of the budget process, all policies have being revised are to be made available with budget documentation for consultation, consideration and approval in May 2015.

2.13 Other supporting documents

Table 60 MBRR Table SA1 - Supporting detail to budgeted financial performance

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		69 812	84 155	95 015	110 314	102 409	102 409	102 409	108 554	114 741	121 626
less Revenue Foregone		3 082									
Net Property Rates		66 730	84 155	95 015	110 314	102 409	102 409	102 409	108 554	114 741	121 626
Service charges - electricity revenue	6										
Total Service charges - electricity revenue		91 098	94 001	101 863	109 308	108 791	108 791	108 791	122 058	136 949	153 657
less Revenue Foregone		647		1 809							
Net Service charges - electricity revenue		90 451	94 001	100 054	109 308	108 791	108 791	108 791	122 058	136 949	153 657
Service charges - water revenue	6										
Total Service charges - water revenue		29 994	35 411	36 923	40 022	49 620	49 620	49 620	52 597	55 950	59 307
less Revenue Foregone		16		1 369							
Net Service charges - water revenue		29 979	35 411	35 555	40 022	49 620	49 620	49 620	52 597	55 950	59 307
Service charges - sanitation revenue											
Total Service charges - sanitation revenue		28 085	32 222	34 744	41 816	56 643	56 643	56 643	60 489	64 603	68 966
less Revenue Foregone				1 859							
Net Service charges - sanitation revenue		28 085	32 222	32 885	41 816	56 643	56 643	56 643	60 489	64 603	68 966
Service charges - refuse revenue	6										
Total refuse removal revenue		16 184	18 165	20 942	29 079	33 920	33 920	33 920	35 947	38 551	41 346
Total landfill revenue		-	-	-	-	-	-	-	-	-	-
less Revenue Foregone		0	-	1 780	-	-	-	-	-	-	-
Net Service charges - refuse revenue		16 184	18 165	19 162	29 079	33 920	33 920	33 920	35 947	38 551	41 346
Other Revenue by source											
Sundry Fees		682	3 477	9 355	999	772	772	772	844	889	936
Augmentation Fees		1 550	563	689	860	997	997	997	1 057	1 121	1 188
Building Plan Fees		1 026	1 479	1 952	1 050	1 573	1 573	1 573	1 699	1 835	1 945
Conservancy Charges		840	1 100	1 174	1 139	1 639	1 639	1 639	1 738	1 842	1 952
Re-/Disconnection Fees		156	798	647	356	356	356	356	377	399	423
Town Planning Fees		123	313	558	357	389	389	389	413	437	464
Collection Fees Recovered		-	613	903	788	494	494	494	528	559	593
Connection Fees		292	400	208	251	257	257	257	272	288	306
Signage		2	2	-	13	13	13	13	14	15	17
Services Connections: Prepaid		76	82	82	84	84	84	84	89	95	101
LG Seta Grant		382	-	793	-	707	707	707	350	-	-
Other	3	1 518	5 038	2 981	289	978	978	978	1 807	325	344
Total 'Other' Revenue	1	6 647	13 866	19 343	6 186	8 260	8 260	8 260	9 187	7 806	8 268

EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	62 251	66 264	78 665	94 357	89 605	89 605	89 605	108 194	123 672	133 627
Pension and UIF Contributions		8 501	9 102	10 614	12 878	12 920	12 920	12 920	16 447	18 579	20 103
Medical Aid Contributions		8 166	8 219	8 792	11 359	11 093	11 093	11 093	15 426	17 638	18 381
Overtime		3 242	4 045	5 547	2 971	5 033	5 033	5 033	3 161	3 364	3 498
Performance Bonus		—	—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance		5 484	5 293	5 885	6 849	6 275	6 275	6 275	9 439	10 616	11 357
Cellphone Allowance		709	705	920	732	890	890	890	1 093	1 169	1 244
Housing Allowance		717	2 059	1 473	828	556	556	556	1 166	1 480	1 575
Other benefits and allowances		3 135	3 643	7 342	4 356	5 330	5 330	5 330	5 251	5 951	6 398
Payments in lieu of leave		1 892	3 026	3 794	2 605	2 772	2 772	2 772	3 034	3 480	3 763
Long service awards		630	616	713	699	698	698	698	727	757	787
Post-retirement benefit obligations	4	6 120	8 368	9 245	7 747	9 634	9 634	9 634	10 137	11 614	12 554
sub-total	5	100 829	111 342	132 990	145 381	144 806	144 806	144 806	174 076	198 319	213 288
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	100 829	111 342	132 990	145 381	144 806	144 806	144 806	174 076	198 319	213 288
Total Contributions recognised - capital											
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		20 410	19 157	17 188	22 821	18 555	18 555	18 555	20 326	21 342	22 409
Lease amortisation		—	—	13 603	—	—	—	—	—	—	—
Capital asset impairment		5 168	10 239	—	—	—	—	—	—	—	—
Depreciation resulting from revaluation of PPE	10	—	—	—	—	—	—	—	—	—	—
Total Depreciation & asset impairment	1	25 578	29 396	30 791	22 821	18 555	18 555	18 555	20 326	21 342	22 409
Bulk purchases											
Electricity Bulk Purchases		64 256	70 486	76 400	79 354	79 354	79 354	79 354	90 855	103 504	118 311
Water Bulk Purchases		—	140	436	339	339	339	339	358	376	384
Total bulk purchases	1	64 256	70 626	76 836	79 694	79 694	79 694	79 694	91 012	103 939	118 706
Transfers and grants											
Cash transfers and grants		632	2 332	2 438	2 700	4 230	4 230	4 230	4 127	4 133	4 140
Non-cash transfers and grants		—	—	—	—	—	—	—	—	—	—
Total transfers and grants	1	632	2 332	2 438	2 700	4 230	4 230	4 230	4 127	4 133	4 140
Contracted services											
Consultant Fees		—	—	—	—	500	500	500	2 500	1 500	1 000
IT Support		3 623	1 552	1 781	2 045	3 365	3 365	3 365	2 000	1 654	1 600
Security Services		5 322	5 066	5 237	5 568	6 688	6 688	6 688	5 419	5 930	6 438
Revenue Enhancement Services		—	2 896	2 746	2 000	1 965	1 965	1 965	1 900	700	700
Valuation Roll		—	2 130	634	450	450	450	450	600	500	600
Financial Support Services		—	2 280	1 165	1 300	2 969	2 969	2 969	1 900	850	850
PMS System		122	137	634	234	234	234	234	—	—	—
Policies Revision		—	—	96	200	100	100	100	106	111	116
Transport Plans		—	—	0	30	—	—	—	—	—	—
Waste Transfer Services		—	2 031	3 229	2 331	4 046	4 046	4 046	3 428	3 426	3 426
Re-/Disconnection Of Services		—	134	155	263	263	263	263	26	263	263
Dosation Plant		1 932	1 116	1 674	1 766	1 716	1 716	1 716	1 716	1 716	1 716
Traffic Support Services		—	1 535	1 956	2 600	2 395	2 395	2 395	2 600	2 400	2 650
Internal Audit Services		—	—	404	718	718	718	718	718	736	749
Water Safety And Security Plan		—	—	62	68	68	68	68	91	93	97
sub-total	1	10 999	18 876	19 773	19 573	25 477	25 477	25 477	23 002	19 879	20 204
Allocations to organs of state:		—	—	—	—	—	—	—	—	—	—
Total contracted services	1	10 999	18 876	19 773	19 573	25 477	25 477	25 477	23 002	19 879	20 204
Other Expenditure By Type											
Collection costs		996	901	880	788	788	788	788	827	860	903
Contributions to 'other' provisions		—	—	—	—	—	—	—	—	—	—
Consultant fees		—	1 978	1 960	3 099	4 879	4 879	4 879	4 508	3 528	4 134
Audit fees		1 282	1 407	2 026	2 416	2 059	2 059	2 059	2 150	2 200	2 300
General expenses		29 858	1 937	5 281	7 452	10 237	10 237	10 237	10 902	9 568	9 723
Repairs and Maintenance	3	10 243	9 900	12 073	16 242	16 082	16 082	16 082	19 361	18 861	18 229
Systems & Licences		1 725	1 846	3 512	3 639	4 302	4 302	4 302	4 926	6 648	7 044
Communication & Marketing		2 743	2 134	3 134	2 934	3 332	3 332	3 332	3 353	3 442	3 580
Major Operating Grant Expenses		10 827	45 534	45 349	67 454	52 131	52 131	52 131	34 930	28 035	32 731
Service Expenses		2 815	1 974	2 488	25 479	53 238	53 238	53 238	55 784	59 616	63 721
Renting & Hiring		2 933	3 957	5 691	6 735	7 852	7 852	7 852	5 411	5 657	5 910
Insurance		1 112	1 020	1 194	1 478	1 271	1 271	1 271	1 367	1 455	1 543
Administration Expenses		12 458	11 718	10 501	12 538	13 294	13 294	13 294	13 165	13 483	13 984
Training & Development		1 446	2 638	3 857	2 326	2 519	2 519	2 519	3 823	4 225	4 287
Total 'Other' Expenditure	1	78 138	86 943	97 945	152 581	171 984	171 984	171 984	160 506	157 598	168 089
Repairs and Maintenance											
Other Expenditure	8	10 243	9 900	12 073	16 242	16 082	16 082	16 082	19 361	18 861	18 229
Total Repairs and Maintenance Expenditure	9	10 243	9 900	12 073	16 242	16 082	16 082	16 082	19 361	18 861	18 229

Table 61 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Description	Ref	Council	Office of the Municipal Manager	Community Services	Corporate Services	Financial Services	Strategic Services	Municipal Services and Infrastructur e	Total
R thousand	1								
Revenue By Source									
Property rates		–	–	–	–	108 554	–	–	108 554
Property rates - penalties & collection charges		–	–	–	–	302	–	–	302
Service charges - electricity revenue		–	–	–	–	–	–	122 058	122 058
Service charges - water revenue		–	–	–	–	–	–	52 597	52 597
Service charges - sanitation revenue		–	–	–	–	–	–	60 489	60 489
Service charges - refuse revenue		–	–	35 947	–	–	–	–	35 947
Service charges - other		–	–	–	–	–	–	–	–
Rental of facilities and equipment		–	–	580	2	–	815	–	1 396
Interest earned - external investments		–	–	–	–	4 087	–	–	4 087
Interest earned - outstanding debtors		–	70	809	–	–	–	2 253	3 132
Dividends received		–	–	–	–	–	–	–	–
Fines		–	–	32 426	–	–	–	–	32 426
Licences and permits		–	48	–	–	–	–	–	48
Agency services		–	–	1 150	–	–	–	–	1 150
Other revenue		–	994	145	350	142	3 988	3 569	9 187
Transfers recognised - operational		2 507	24 821	46 504	–	7 844	–	19 698	101 375
Gains on disposal of PPE		–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		2 507	25 933	117 561	352	120 929	4 802	260 664	532 748
Expenditure By Type									
Employee related costs		73	11 842	62 523	15 776	25 935	13 870	44 055	174 076
Remuneration of councillors		5 289	–	–	–	–	–	–	5 289
Debt impairment		–	1 700	20 280	–	5 057	–	10 154	37 192
Depreciation & asset impairment		134	22	3 018	193	819	317	15 823	20 326
Finance charges		41	–	2 041	4	119	1 513	11 358	15 076
Bulk purchases		–	–	–	–	–	–	91 012	91 012
Other materials		40	128	831	288	351	183	1 683	3 503
Contracted services		–	718	11 445	106	8 900	–	1 833	23 002
Transfers and grants		–	400	–	–	–	3 727	–	4 127
Other expenditure		523	5 800	48 998	13 662	24 374	(678)	67 827	160 506
Loss on disposal of PPE		83	–	–	–	–	–	–	83
Total Expenditure		6 182	20 611	149 137	30 029	65 555	18 932	243 746	534 192
Surplus/(Deficit)		(3 675)	5 322	(31 575)	(29 677)	55 374	(14 129)	16 918	(1 443)
Transfers recognised - capital		–	–	14 771	–	–	–	30 769	45 540
Contributions recognised - capital		–	–	–	–	–	–	–	–
Contributed assets		–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		(3 675)	5 322	(16 804)	(29 677)	55 374	(14 129)	47 687	44 097

Table 62 MBRR Table SA3 – Supporting detail to Statement of Financial Position

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
R thousand												
ASSETS												
Call investment deposits	2											
Call deposits < 90 days		27 044	10 522	25 765	35 000	11 107	11 107	11 107	5 390	6 848	8 085	
Other current investments > 90 days		—	—	—	10 000	45 359	45 359	45 359	22 010	27 954	33 015	
Total Call investment deposits		27 044	10 522	25 765	45 000	56 466	56 466	56 466	27 400	34 800	41 100	
Consumer debtors	2											
Consumer debtors		87 250	81 654	86 991	104 332	97 708	97 708	97 708	109 999	123 861	139 354	
Less: Provision for debt impairment (41 514)		(39 517)	(45 924)	(61 943)	(57 469)	(57 469)	(57 469)	(57 469)	(68 848)	(69 879)	(82 229)	
Total Consumer debtors		45 735	42 137	41 066	42 389	40 238	40 238	40 238	41 151	53 982	57 125	
Debt impairment provision												
Balance at the beginning of the year		30 994	41 514	39 517	54 535	45 924	45 924	45 924	57 469	57 469	68 848	
Contributions to the provision		11 726	13 109	13 340	15 920	18 477	18 477	18 477	18 311	19 342	20 314	
Bad debts written off (1 205)		(15 106)	(6 932)	(8 511)	(6 932)	(6 932)	(6 932)	(6 932)	(6 932)	(6 932)		
Balance at end of year		41 514	39 517	45 924	61 943	57 469	57 469	57 469	68 848	69 879	82 229	
Property, plant and equipment (PPE)	3											
PPE at cost/valuation (excl. finance leases)		777 259	803 076	860 424	920 886	922 502	922 502	922 502	1 012 249	1 083 968	1 151 019	
Losses recognised as PPE		8 095	2 793	3 113	3 143	3 113	3 113	3 113	3 113	3 113	3 113	
Less: Accumulated depreciation		187 756	193 185	207 945	231 693	226 303	226 303	226 303	246 429	267 572	289 783	
Total Property, plant and equipment (PPE)	2	597 597	612 704	655 592	692 335	699 313	699 313	699 313	768 933	819 509	864 350	
LIABILITIES												
Current liabilities - Borrowing												
Short term loans (other than bank overdraft)		—	—	—	—	—	—	—	—	—	—	
Current portion of long-term liabilities		9 444	11 169	12 212	13 531	13 908	13 908	13 908	14 594	16 284	26 376	
Total Current liabilities - Borrowing		9 444	11 169	12 212	13 531	13 908	13 908	13 908	14 594	16 284	26 376	
Trade and other payables	2											
Trade and other creditors		32 897	33 254	43 485	37 069	55 873	55 873	55 873	59 774	58 014	61 440	
Unspent conditional transfers		40 915	21 860	518	8 330	—	—	—	—	—	—	
VAT		4 973	—	—	—	—	—	—	—	—	—	
Total Trade and other payables		78 785	55 114	44 003	45 399	55 873	55 873	55 873	59 774	58 014	61 440	
Non current liabilities - Borrowing	4											
Borrowing		114 009	116 331	120 335	116 194	116 593	116 593	116 593	124 030	123 624	106 588	
Finance leases (including PPP asset element)		1 702	275	210	206	44	44	44	—	—	—	
Total Non current liabilities - Borrowing		115 711	116 607	120 545	116 400	116 637	116 637	116 637	124 030	123 624	106 588	
Provisions - non-current												
Retirement benefits		54 907	58 221	70 143	95 472	78 737	78 737	78 737	87 789	98 026	109 180	
List other major provision items		6 744	—	—	—	1 481	1 481	1 481	1 483	1 445	1 426	
Refuse landfill site rehabilitation		3 773	2 742	2 645	—	3 479	3 479	3 479	3 500	3 524	3 548	
Total Provisions - non-current		65 424	60 963	72 788	95 472	83 696	83 696	83 696	92 733	102 995	114 154	
CHANGES IN NET ASSETS												
Accumulated Surplus/(Deficit)	1											
Accumulated Surplus/(Deficit) - opening balance		484 835	486 197	526 492	600 811	587 888	587 888	587 888	612 264	648 880	677 848	
GRAP adjustments		—	—	—	—	—	—	—	—	—	—	
Restated balance		484 835	486 197	526 492	600 811	587 888	587 888	587 888	612 264	648 880	677 848	
Surplus/(Deficit)		1 362	45 295	63 898	34 389	36 776	36 776	36 776	44 097	38 386	38 039	
Appropriations to Reserves		—	(5 000)	(7 500)	(12 478)	(27 619)	(27 619)	(27 619)	(33 054)	(27 329)	(28 506)	
Transfers from Reserves		—	—	5 000	10 478	15 219	15 219	15 219	25 554	19 929	22 206	
Depreciation offsets		—	—	—	—	—	—	—	—	—	—	
Other adjustments		0	0	(0)	23 082	—	—	—	—	—	—	
Accumulated Surplus/(Deficit)			486 197	526 492	587 888	656 583	612 264	612 264	612 264	648 880	677 848	709 585
Reserves		2										
Housing Development Fund			—	—	—	—	—	—	—	—	—	—
Capital replacement	—		5 000	7 500	9 000	19 900	19 900	19 900	27 400	34 800	41 100	
Self-insurance	—		—	—	—	—	—	—	—	—	—	
Other reserves	—		—	—	—	—	—	—	—	—	—	
Revaluation		—	—	—	—	—	—	—	—	—	—	
Total Reserves		—	5 000	7 500	9 000	19 900	19 900	19 900	27 400	34 800	41 100	
TOTAL COMMUNITY WEALTH/EQUITY	2	486 197	531 492	595 388	665 583	632 164	632 164	632 164	676 260	712 646	750 685	

Table 63 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2011/12	2012/13	2013/14	Current Year 2014/15	2015/16 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population		Census info and Growth Rate	29	40	49	55	57	61	64	67	71	75
Females aged 5 - 14		Census info and Growth Rate	3	3	4	4	5	5	5	5	5	6
Males aged 5 - 14		Census info and Growth Rate	2	3	4	4	4	4	5	5	5	5
Females aged 15 - 34		Census info and Growth Rate	6	7	9	9	10	10	11	11	12	12
Males aged 15 - 34		Census info and Growth Rate	6	7	9	10	10	11	11	12	12	13
Unemployment		Census info and Growth Rate	4	5	7	8	9	9	10	10	11	12
Monthly household income (no. of households)												
No income	1, 12	Census info and Growth Rate	1 586	2 331	3 013	3 425	3 852	3 894	4 152	4 427	4 720	5 033
R1 - R1 600		Census info and Growth Rate	386	507	732	832	886	945	1 007	1 074	1 145	1 220
R1 601 - R3 200		Census info and Growth Rate	482	708	915	1 040	1 108	1 181	1 259	1 343	1 431	1 526
R3 201 - R6 400		Census info and Growth Rate	1 437	2 112	2 730	3 103	3 309	3 528	3 762	4 011	4 277	4 560
R6 401 - R12 800		Census info and Growth Rate	1 726	2 537	3 279	3 727	3 974	4 238	4 518	4 818	5 137	5 477
R12 801 - R25 600		Census info and Growth Rate	1 209	1 777	2 297	2 611	2 784	2 988	3 165	3 375	3 598	3 837
R25 601 - R51 200		Census info and Growth Rate	789	1 160	1 498	1 703	1 816	1 936	2 065	2 201	2 347	2 502
R52 201 - R102 400		Census info and Growth Rate	587	863	1 115	1 267	1 351	1 441	1 536	1 638	1 746	1 862
R102 401 - R204 800		Census info and Growth Rate	351	516	666	757	808	861	918	978	1 043	1 112
R204 801 - R409 600		Census info and Growth Rate	131	193	250	284	302	323	344	367	391	417
R409 601 - R819 200		Census info and Growth Rate	44	64	83	93	99	106	113	120	127	136
> R819 200		Census info and Growth Rate	35	52	67	75	80	86	91	97	103	110
Poverty profiles (no. of households)												
< R2 050 per household per month	13	Census info and Growth Rate	1 702	2 501	3 233	3675.00	3919.00	4178.00	4455.00	4750.00	5065.00	5400.00
Insert description	2	Census info and Growth Rate										
Household/demographics (000)												
Number of people in municipal area		Census info and Growth Rate	29 182	39 905	49 162	55	57	61	64	67	71	75
Number of poor people in municipal area		Census info and Growth Rate	-	-	-	-	-	-	-	-	-	-
Number of households in municipal area		Census info and Growth Rate	8 763	12 878	16 645	19	20	22	23	24	26	28
Number of poor households in municipal area		Census info and Growth Rate	-	-	-	-	-	-	-	-	-	-
Definition of poor household (R per month)		Census info and Growth Rate	-	-	-	-	-	-	-	-	-	-
Housing statistics												
Formal	3	Census info and Growth Rate	7 285	10 098	12 586	14 061	14 864	15 713	16 612	17 564	18 572	19 638
Informal		Census info and Growth Rate	1 478	2 710	4 059	4 968	5 496	6 080	6 726	7 441	8 231	9 105
Total number of households			8 763	12 808	16 645	19 029	20 360	21 793	23 538	25 005	26 803	28 744
Dwellings provided by municipality	4	Census info and Growth Rate	-	-	-	-	-	-	-	-	-	-
Dwellings provided by province/s		Census info and Growth Rate	-	-	-	-	-	-	-	-	-	-
Dwellings provided by private sector	5	Census info and Growth Rate	-	-	-	-	-	-	-	-	-	-
Total new housing dwellings			-	-	-	-	-	-	-	-	-	-
Economic												
Inflation/inflation outlook (CPIX)	6					5.3%	5.3%	6.0%	5.7%	6.0%	6.0%	6.0%
Interest rate - borrowing										0.0%		
Interest rate - investment												
Remuneration increases						6.1%	6.5%	6.8%	6.8%	6.0%	6.3%	6.5%
Consumption growth (electricity)												
Consumption growth (water)												
Collection rates												
Property tax/service charges	7					97.5%	90.7%	93.2%	95.0%	95.0%	95.0%	95.0%
Rental of facilities & equipment						100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest - external investments						100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest - debtors						97.5%	90.7%	93.2%	95.0%	95.0%	95.0%	95.0%
Revenue from agency services						100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Detail on the provision of municipal services for A10

Total municipal services	Ref.		2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2015/17	Budget Year +2 2017/18
		Household service targets (000)									
		Water:									
		Piped water inside dwelling	13 103	10 323	10 873	11 543	11 543	11 543	12 243	12 943	13 643
		Piped water inside yard (but not in dwelling)	6 000	6 459	6 782	7 121	7 121	7 121	7 477	7 833	8 19
8		Using public tap (at least min.service level)	1 035	298	398	448	448	448	518	588	658
10		Other water supply (at least min.service level)	-	1 220	1 281	1 345	1 345	1 345	1 412	1 479	1 550
		Minimum Service Level and Above sub-total	20 138	18 300	19 334	20 457	20 457	20 457	21 650	22 843	16 670
9		Using public tap (< min.service level)	-	-	-	-	-	-	-	-	-
10		Other water supply (< min.service level)	171	183	192	202	202	202	212	200	190
		No water supply	-	-	-	-	-	-	-	-	-
		Below Minimum Service Level sub-total	171	183	192	202	202	202	212	200	190
		Total number of households	20 309	18 483	19 526	20 659	20 659	20 659	21 862	23 043	16 860
		Sanitation/sewerage:									
		Flush toilet (connected to sewerage)	13 727	16 802	17 449	17 799	17 799	17 799	18 099	18 399	18 700
		Flush toilet (with septic tank)	372	-	-	-	-	-	-	-	-
		Chemical toilet	4	-	-	-	-	-	-	-	-
		Pit toilet (ventilated)	474	1 104	457	107	107	107	-	-	-
		Other toilet provisions (> min.service level)	801	-	-	-	-	-	-	-	-
		Minimum Service Level and Above sub-total	15 378	17 906	17 906	17 906	17 906	17 906	18 099	18 399	18 700
		Bucket toilet	192	205	204	116	116	116	59	-	-
		Other toilet provisions (< min.service level)	348	372	222	122	122	122	72	22	-
		No toilet provisions	173	-	-	-	-	-	-	-	-
		Below Minimum Service Level sub-total	713	578	427	239	239	239	132	22	-
		Total number of households	16 091	18 484	18 333	18 145	18 145	18 145	18 231	18 421	18 700
		Energy:									
		Electricity (at least min.service level)	4 866	1 665	1 965	2 315	2 315	2 315	2 815	3 315	3 800
		Electricity - prepaid (min.service level)	4 777	12 775	13 275	14 025	14 025	14 025	14 875	15 725	16 600
		Minimum Service Level and Above sub-total	9 643	14 440	15 240	16 340	16 340	16 340	17 690	19 040	20 400
		Electricity (< min.service level)	-	-	-	-	-	-	-	-	-
		Electricity - prepaid (< min. service level)	-	-	-	-	-	-	-	-	-
		Other energy sources	644	4 043	4 245	4 457	4 457	4 457	4 680	4 896	5 100
		Below Minimum Service Level sub-total	644	4 043	4 245	4 457	4 457	4 457	4 680	4 896	5 100
		Total number of households	10 287	18 483	19 485	20 797	20 797	20 797	22 370	23 936	25 500
		Refuse:									
		Removed at least once a week	15 186	18 277	18 827	19 707	19 707	19 707	20 707	21 627	22 600
		Minimum Service Level and Above sub-total	15 186	18 277	18 827	19 707	19 707	19 707	20 707	21 627	22 600
		Removed less frequently than once a week	140	150	210	265	265	265	353	419	419
		Using communal refuse dump	0	0	0	0	0	0	1	-	-
		Using own refuse dump	44	48	50	52	52	52	55	50	50
		Other rubbish disposal	-	-	-	-	-	-	-	-	-
		No rubbish disposal	7	8	6	6	6	6	7	-	-
		Below Minimum Service Level sub-total	193	206	267	324	324	324	415	469	469
		Total number of households	15 379	18 483	19 093	20 031	20 031	20 031	21 122	22 096	23 069

2.14 Municipal manager's quality certificate

I A.A. Paulse, municipal manager of Bitou Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name: A .A. Paulse

Municipal Manager of Bitou Municipality (WC047)

Signature: _____



Date 27 May 2015